MOMENTUM

BAKER TECHNOLOGY LIMITED
ANNUAL REPORT 2014

CONTENTS

At Baker Technology Limited ("Baker Tech") we believe in excellence. With accolades at the prestigious Singapore Corporate Awards for six consecutive years, we continue to forge ahead, growing our investments in both our people and innovation. Within these pages, you will see how we progressed throughout the year as we tell the story of how Baker Tech drives **Momentum**.

BAKER Technology Limited

Unique Entity Number: 198100637D

Registered Office
10 Jalan Samulun
Singapore 629124
Tel: (65) 6262 1380
Fax: (65) 6262 2108
Email: enquiry@bakertech.com.sg
www.bakertech.com.sg


6
SEA DEEP
SHIPYARD PTE LTD


BAKER ENGINEERING
10 JALAN SAMULUN SINGAPORE 629124

KEY MILESTONES

2000

MAY
Name changed to Baker Technology Limited.

JULY
Saberon Investments Pte Ltd acquired a controlling stake in the Company.

2004

SEPTEMBER
Winner of Singapore Corporate Governance Award (SESDAQ) at SIAS Investors' Choice Awards.

2005

OCTOBER
Merit Award winner of Singapore Corporate Governance Award (SESDAQ) at SIAS Investors' Choice Awards.

2006

JUNE
Raised $14.3 million from a renounceable non-underwritten rights issue with free detachable warrants.

2007

MAY
Acquired 100% of PPL Holdings Pte Ltd, an investment holding company, which owns a 15% stake in PPL Shipyard Pte Ltd.

OCTOBER
Formed a strategic partnership with a TATA Enterprise Company (TRF Singapore Pte Ltd) which acquired a 51% stake in York Transport Equipment (Asia) Pte Ltd.

2008

APRIL
Acquired 100% of Sea Deep Shipyard Pte. Ltd.

OCTOBER
Upgraded to SGX-ST Mainboard.

2009

APRIL
Won Merit Award for Best Managed Board (for companies with market capitalisation of less than $300 million) at the Singapore Corporate Awards.

NOVEMBER
Completed a renounceable non-underwritten rights issue of 327.4 million warrants at 1.0 cent each.

2010

APRIL
Won Silver Award for Best Managed Board (for companies with market capitalisation of less than $300 million) at the Singapore Corporate Awards.

SEPTEMBER
Listed on Forbes Asia's Best Under a Billion and was one of only eight companies in Singapore on the list.

OCTOBER
Disposed of entire issued and paid up share capital of PPL Holdings Pte Ltd to QD Asia Pacific Ltd for a cash consideration of US$116.25 million.

2011

FEBRUARY
Acquired a 10.5% stake in Discovery Offshore S.A.

JULY
Received Best Managed Board (Gold) and Best Annual Report (Silver) awards (for companies with market capitalisation of less than $300 million) at the Singapore Corporate Awards.

2012

MARCH
Disposed of remaining 49% stake in York Transport Equipment (Asia) Pte Ltd.

JUNE
Completed a renounceable non-underwritten rights issue of 280.1 million warrants at 1.0 cent each.

JULY
Winner of Best Annual Report (Silver) award (for companies with market capitalisation of less than $300 million) at the Singapore Corporate Awards.

AUGUST
Increased investment in Discovery Offshore S.A. to 20%.

2013

MAY
Incorporation of wholly-owned subsidiary – Baker Engineering Pte. Ltd.

JUNE
Disposal of 20% stake in Discovery Offshore S.A.

JULY
Winner of Best Annual Report (Bronze) award (for companies with market capitalisation of less than $300 million) at the Singapore Corporate Awards.

AUGUST
Listed on Forbes Asia's Best Under a Billion and was one of only seven companies in Singapore on the list.

SEPTEMBER
Incorporation of wholly-owned subsidiary – BT Investment Pte. Ltd.

2014

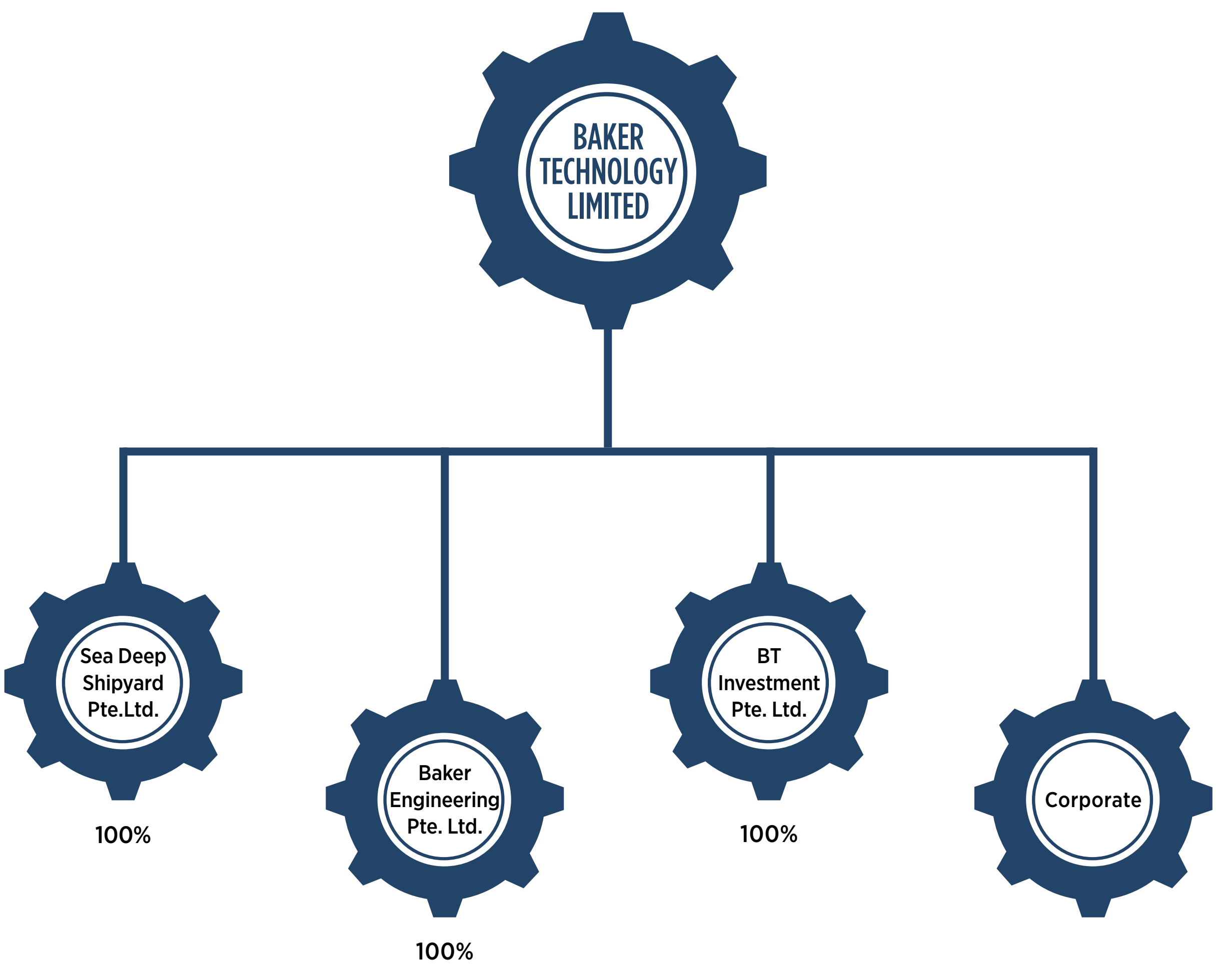
FEBRUARY
Incorporation of indirect wholly-owned subsidiary – BEL Design Pte. Ltd.

JULY
Winner of Best Managed Board (Gold) award and Best Annual Report (Silver) award (for companies with market capitalisation of less than $300 million) at the Singapore Corporate Awards.

CORPORATE STRUCTURE

Baker Technology Limited ("Baker Tech") is an investment holding company focused mainly on the offshore oil and gas industry. It has three operating subsidiaries. Sea Deep Shipyard Pte. Ltd. ("Sea Deep") is a leading manufacturer and provider of specialised equipment and engineering solutions to oil companies and rig builders in Asia Pacific and the Middle East. Baker Engineering Pte. Ltd. ("Baker Engineering") focuses on the design and fabrication of components and equipment for the offshore oil and gas sector. BT Investment Pte. Ltd. ("BT Investment") focuses on exploring acquisitions and strategic alliances.

Baker Tech has built up advanced engineering capabilities and an outstanding reputation for innovation, quality and reliability. The Group will continue to leverage this, whilst exploring strategic opportunities and partnerships to extend its reach into new markets, in order to enhance returns for shareholders. The Group believes in adhering to best practices in corporate governance, as well as developing its people, and being a responsible corporate citizen.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
Lim Ho Seng - *Non-Executive*

Executive
Dr Benety Chang - *Chief Executive Officer*
Jeanette Chang

Lead Independent Director
Wong Meng Yeng

Non-Executive
Tan Yang Guan
Ang Miah Khiang - *Independent*
Han Sah Heok Vicky - *Independent*

AUDIT COMMITTEE

Ang Miah Khiang - *Chairman*
Han Sah Heok Vicky
Wong Meng Yeng

NOMINATING COMMITTEE

Wong Meng Yeng - *Chairman*
Han Sah Heok Vicky
Dr Benety Chang

REMUNERATION COMMITTEE

Han Sah Heok Vicky - *Chairman*
Ang Miah Khiang
Lim Ho Seng

COMPANY SECRETARY

Nga Ko Nie

REGISTERED OFFICE

10 Jalan Samulun
Singapore 629124
Tel: (65) 6262 1380
Fax: (65) 6262 2108
Website: www.bakertech.com.sg

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

AUDITOR

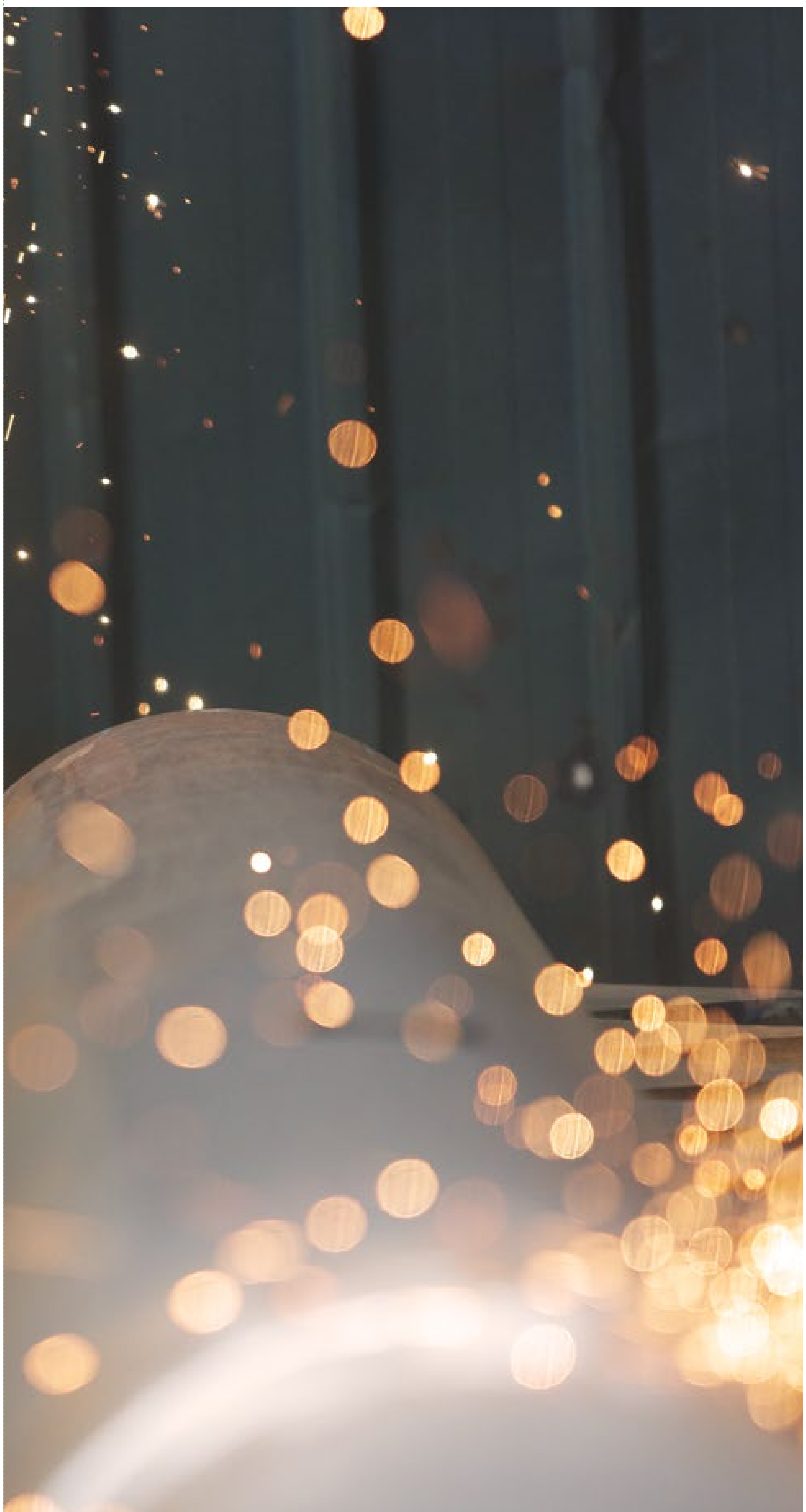
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge:
Low Yen Mei
(appointed since financial year ended 31 December 2010)

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Australia and New Zealand Banking Group Limited
Standard Chartered Bank
DBS Bank Ltd
BNP Paribas, Singapore Branch
Citibank N.A., Singapore Branch

GEARING UP FOR THE FUTURE



Astute leadership is key to Baker Tech's success. With foresight, focus and fortitude, Baker Tech's leadership and people carry the organisation to greater heights, ensuring a strong foundation and a secure future. **That is how we drive Momentum**.

CHAIRMAN'S MESSAGE

2014 HAS BEEN A YEAR OF DRIVING FORWARD, EMBRACING GROWTH AND REACHING FOR THE FUTURE FROM A STABLE HISTORY OF GOOD PERFORMANCE.

Lim Ho Seng,
Chairman
Baker Technology Limited

DEAR SHAREHOLDERS

2014 has been a year of driving forward, embracing growth and reaching for the future from a stable history of good performance. As we continue to strive to establish ourselves with the development of our new product line through Baker Engineering Pte. Ltd. we must build on our experience and previous successes to gain significant momentum to ride out the oil and gas cycle.

FY2014 FINANCIAL PERFORMANCE

Revenue for FY2014 increased by 4% over FY2013. The corresponding Net Profit, as a result of increased expenses and investments in the Group subsidiaries and after adjusting for an investment gain of $8.8 million in FY2013, showed a slight decrease.

The Group's financial position remains strong with $168.7 million in cash and no borrowings as at 31 December 2014.

The last two years saw the Group paying out record special dividends of 8.5 cents for FY2012 (1.5 cent for ordinary dividend) and 4.0 cents for FY2013 (1.0 cent for ordinary dividend). Given the volatile condition of the market with oil prices at a six year low coupled with potential attractive acquisition opportunities and the development of Baker Engineering, the Board of Directors is recommending a first and final tax exempt (one-tier) ordinary dividend of 1.0 cent per share.

RECOGNITION AND AWARDS

Baker Tech was once again an award recipient at the Singapore Corporate Awards in 2014 for the sixth year in a row. The Company was awarded the Best Managed Board (Gold) award and the Best Annual Report (Silver) award in the under $300 million market capitalisation category in recognition of our steadfast commitment towards excellence and best practices in corporate governance.

DRIVING MOMENTUM

We made great strides with Baker Engineering in 2014, growing the organisation, developing in-house engineering capabilities and setting up new yard facilities. We are therefore pleased to have been able to announce the completion of the design for the BEL320-4R200S Liftboat in 2014. This liftboat design is the first in a series of liftboat designs created by BEL Design Pte. Ltd., Baker Engineering's wholly-owned design subsidiary. Each design addresses a different need in the offshore sector. Construction for our first liftboat has also commenced with a strike steel ceremony at Baker Engineering's yard in November 2014 followed by keel lay in February 2015. We are excited about the next 12 to 18 months as we see the business develop and grow.

Sea Deep continues to perform well, completing orders won in 2012 and 2013 and replenishing orders in 2014 despite difficult market conditions. Sea Deep's strong capabilities in fabricating niche critical components for drilling rigs allows Sea Deep to compete in related offshore segments thus providing a larger client and product base.


BAKER

THE PROGRESS WE HAVE MADE THROUGH THE YEARS WOULD NOT HAVE BEEN POSSIBLE WITHOUT THE SUPPORT AND BELIEF OF OUR STAKEHOLDERS. WE ARE GRATEFUL TO THE SHAREHOLDERS AND INVESTMENT COMMUNITY FOR STANDING BESIDE US AS WE CONTINUE GROWING AND EVOLVING.

Lim Ho Seng,
Chairman
Baker Technology Limited

OUTLOOK

With oil prices trading at their lowest for many years coupled with increasing volatility, the outlook for the oil and gas segment is cautious. Global offshore drillers are facing challenging market conditions as major international oil companies rationalise capital expenditure. The downward cycle could however provide opportunities for companies involved in refurbishment and maintenance as oil companies focus on enhancing production flow on existing wells. In this respect, we are cautiously optimistic that the liftboat market will do well.

Given our strong balance sheet position, the current environment also gives us acquisition opportunities.

APPRECIATION

The progress we have made over the years would not have been possible without the support and belief of our stakeholders. We are grateful to the shareholders and investment community for standing beside us as we continue growing and evolving. We would also like to acknowledge the commitment, hard work, time and effort invested by our management and staff in pushing ahead. Importantly, we are grateful to our loyal client base, without whom we will not be where we are today. We further wish to thank the various regulators and government bodies, whom we work closely with, for their ongoing support.

I would also like to extend my appreciation to my fellow Board members who have journeyed with the Company through 2014. I look forward to the year ahead and the continuing momentum as we grow.

Lim Ho Seng
Chairman of the Board
April 2015

BOARD OF DIRECTORS

Mr Lim Ho Seng
Chairman

Dr Benety Chang
Chief Executive Officer

Ms Jeanette Chang
Executive Director

Mr Tan Yang Guan
Non-Executive Director

MR LIM HO SENG
Chairman

Appointed Chairman of Baker Technology Limited ("Baker Tech") since 1 November 2002 and Independent Non-Executive Director since 1 October 1999, Mr Lim Ho Seng was re-designated as Non-Executive Director on 1 January 2014. He was last re-appointed as a Director on 25 April 2014. He is also a member of the Remuneration Committee.

Mr Lim also sits on the board of KS Energy Limited. Mr Lim was the former Chief Executive Officer of NTUC Fairprice Co-operative Ltd. In the preceding 3-year period, he was an Independent Director of Kian Ann Engineering Ltd and Lippo-Mapletree Indonesia Retail Trust Management Ltd.

Mr Lim is a Fellow of the Institute of Singapore Chartered Accountants, the Institute of Certified Public Accountants of Australia, the Association of Chartered Certified Accountants of the United Kingdom, the Institute of Chartered Secretaries & Administrators and the Singapore Institute of Directors.

DR BENETY CHANG
Chief Executive Officer

Dr Benety Chang is the Chief Executive Officer of Baker Tech and was appointed to the Board since 5 May 2000. He was last re-elected a Director on 25 April 2012. Dr Chang, who is an Executive Director, is also a member of the Nominating Committee. Dr Chang has extensive experience in the offshore oil and gas industry and was the major founding shareholder and Deputy Chairman of PPL Shipyard Pte Ltd until his resignation in July 2012.

Dr Chang holds a MBBS degree from the University of Singapore.

MS JEANETTE CHANG
Executive Director

Ms Jeanette Chang was appointed as an Executive Director of Baker Tech since 1 September 2013 and was last re-elected on 25 April 2014.

Ms Chang has an engineering and finance background having previously worked with Mott MacDonald Group in London on UK and Singapore engineering projects. Prior to joining Baker Tech, Ms Chang was a Director in the Equity Capital Markets team at Barclays Bank PLC where she worked for nine years. She has significant experience in corporate finance especially in relation to fund raising in the capital markets.

Ms Chang holds a Masters in Engineering First Class (Civil Engineering) degree from Imperial College London and a Masters of Business Administration with Distinction from London Business School.

MR TAN YANG GUAN
Non-Executive Director

Mr Tan Yang Guan was appointed to the Board since 5 May 2000 and was last re-elected as a Non-Executive Director on 25 April 2013.

Mr Tan has more than 39 years of extensive experience in accounting, auditing and financial management. He started his career in audit with Ernst & Young in 1975. In 1988, he joined rig-builder, PPL Shipyard Pte Ltd ("PPL Shipyard") and was its Finance Director from 1995 to 2012. He was responsible for PPL Shipyard's financial, treasury and corporate finance functions.

Mr Tan is a Fellow of the Association of Chartered Certified Accountants of the United Kingdom, a Fellow of the Institute of Singapore Chartered Accountants and a member of the Singapore Institute of Directors.

BOARD OF DIRECTORS

Mr Wong Meng Yeng
Lead Independent Director

Ms Han Sah Heok Vicky
Independent Director

Mr Ang Miah Khiang
Independent Director

MR WONG MENG YENG

Lead Independent Director

Mr Wong Meng Yeng was appointed to the Board since 3 June 2010 and was last re-elected on 25 April 2014. An Independent Director, he chairs the Nominating Committee and is a member of the Audit Committee. He was also appointed as Lead Independent Director of the Company on 1 January 2014.

Mr Wong has been an advocate and solicitor in Singapore since 1984 and practices corporate law. He is currently a director of Alliance LLC, a law corporation he co-founded in 2001. He is also an Independent Director of Multi-Chem Limited, KS Energy Limited and Keong Hong Holdings Limited.

Mr Wong holds a Bachelor of Laws (Honours) Degree from the National University of Singapore and is a member of the Singapore Institute of Directors.

MS HAN SAH HEOK VICKY

Independent Director

Ms Han Sah Heok Vicky was appointed to the Board since 1 December 2013 as an Independent Director and was last re-elected on 25 April 2014. She chairs the Remuneration Committee and is a member of the Audit and Nominating Committees.

Ms Han is a director of BA Contracts Pte Ltd, a company that is principally engaged as a wholesaler, importer and exporter of various building materials including jacking pipes and as a subcontractor in the building and construction industry. Prior to July 2013, Ms Han was the head of Corporate Finance Department of NRA Capital Pte Ltd, specialising in providing corporate advisory and fund raising transaction services to companies.

Ms Han holds a Bachelor of Accountancy degree from the National University of Singapore. Since her graduation in 1982, she has worked with various banking and financial institutions in Singapore, specialising in providing corporate finance services. She has extensive experience in merchant banking with a particular emphasis on corporate finance related transactions including public listings, equity offerings and acquisitions and divestments.

MR ANG MIAH KHIANG

Independent Director

Mr Ang Miah Khiang was appointed to the Board since 1 November 2013 as an Independent Director and was last re-elected on 25 April 2014. He chairs the Audit Committee and is a member of the Remuneration Committee.

Mr Ang spent the greater part of his career in the small-medium enterprise financing business, having held the position of Managing Director of GE Commercial Financing (S) Ltd (formerly known as Heller Financial (S) Ltd). He was also concurrently the regional director for GE related businesses in the Asia Pacific. He currently holds various non-executive directorship positions and provides advisory services from time to time.

Mr Ang is also an Independent Director of Uni-Asia Holdings Limited, Ley Choon Group Holdings Limited and PS Group Holdings Ltd. In the preceding 3-year period, he was an Independent Director of Heng Long International Ltd. He is a non-practising Fellow of the Institute of Singapore Chartered Accountants and holds a Bachelor of Accountancy degree from the University of Singapore.

KEY EXECUTIVES

Mr Tan Kiang Kherng
Chief Financial Officer
Baker Technology Limited

Mr Tan Keng Tiong Alvin
Senior Vice President
Business Development
Baker Technology Limited

Mr Ong Thian Whee Albert
Managing Director
Sea Deep Shipyard Pte. Ltd.

Mr Tan Wee Lee
Managing Director
Baker Engineering Pte. Ltd.

Mr Heath McIntyre
Managing Director
BT Investment Pte. Ltd.

MR TAN KIANG KHERNG

Chief Financial Officer
Baker Technology Limited

Mr Tan Kiang Kherng joined the Group in June 2002 as Financial Controller and was promoted to Chief Financial Officer in September 2013. He is responsible for all financial matters of the Group, including financial reporting, strategic financial planning, treasury and internal controls. Prior to that, Mr Tan was a Senior Audit Manager with Ernst and Young, Singapore.

Mr Tan holds a Bachelor of Accountancy (Honours) degree from Singapore's Nanyang Technological University and is a member of the Institute of Singapore Chartered Accountants.

MR TAN KENG TIONG ALVIN

Senior Vice President
Business Development
Baker Technology Limited

Mr Tan Keng Tiong Alvin joined the Group in 2001. He is currently the Senior Vice President – Business Development responsible for overall business development of the Group. Mr Tan started his career in the marine oil and gas industry and has held several senior positions with various companies in the marine transport sector.

Mr Tan holds a Bachelor of Business degree from Curtin University of Technology, a Master of Business Administration from the Nanyang Technological University and has completed the Advanced Management Programme at Haas School of Business, University of California Berkeley in 2011.

MR ONG THIAN WHEE ALBERT

Managing Director
Sea Deep Shipyard Pte. Ltd.

Mr Ong Thian Whee Albert joined the Group in September 2006 as a Director of Sea Deep Shipyard Pte. Ltd. ("Sea Deep") and was appointed as Sea Deep's Managing Director in March 2010. He also sits on the board of Sea Deep's subsidiary, Interseas Shipping (Private) Limited. Mr Ong is responsible for Sea Deep Group's overall management and operations.

Mr Ong has over 39 years' experience of working in the oil and gas industry and has accumulated extensive industry experience and built numerous valuable business relationships within the industry.

MR TAN WEE LEE

Managing Director
Baker Engineering Pte. Ltd.

Mr Tan Wee Lee joined the Group in October 2013. He is the Managing Director of Baker Engineering Pte. Ltd. and responsible for overall management and operations. Mr Tan started his career in Keppel FELS as a Graduate Management Trainee (Electrical Superintendent) in 1995. He joined PPL Shipyard Pte Ltd ("PPL Shipyard") in 1998 as a Project Engineer and was promoted to Project Manager in 2005. During his 10 years in PPL Shipyard, he was involved in all aspects of rig construction and was Project Manager of 5 high specification jackup drilling rig projects. Prior to joining the Group, he was the General Manager of a private Chinese shipyard and was responsible for setting up a marine and offshore division. He later established an engineering and marketing subsidiary in Singapore and was the Managing Director of the Singapore entity.

Mr Tan holds a Bachelor of Engineering degree (Electrical Engineering) from Nanyang Technological University, Singapore.

MR HEATH MCINTYRE

Managing Director
BT Investment Pte. Ltd.

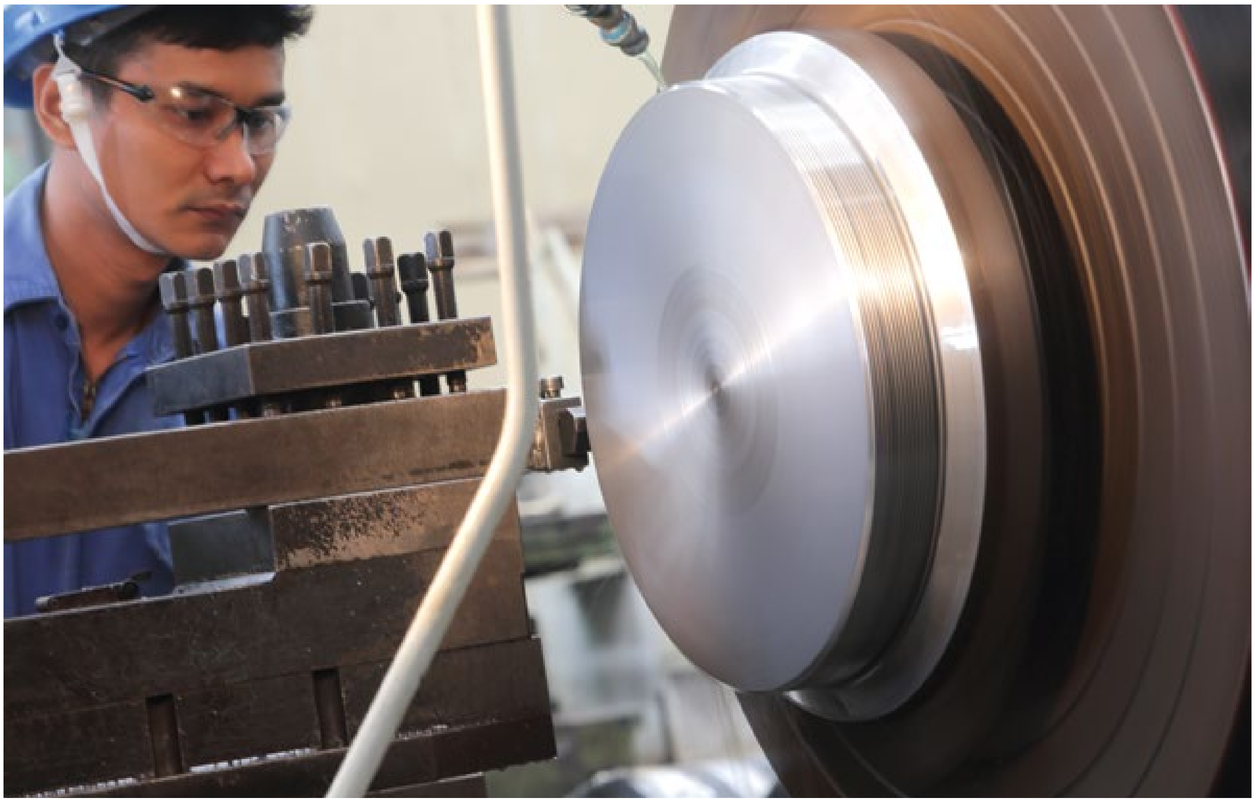
Mr Heath McIntyre joined the Group in December 2013. He is the Managing Director of BT Investment Pte. Ltd. and responsible for overall management and operations. Prior to joining the Group and since 2006, Mr McIntyre was Executive Director at Southern Capital Group ("SCG"), an independent private equity firm focused on middle-market Buyout investments in South East Asia. Prior to SCG, he was at Affinity Equity Partners (formerly UBS Capital Asia Private Equity) then a large-cap private equity firm principally involved in Buyout investments in the broader Asia Pacific region.

Mr McIntyre holds a Bachelor of Commerce degree from University of Toronto and a Master of Business Administration from University of Chicago, Graduate School of Business.


CONTINUING INNOVATION AND GROWTH

At Baker Tech, we constantly engage in innovation to develop and expand our products and capabilities. It is the reason for where we are today, and where we will be tomorrow. **That is how we drive Momentum**.

SEA DEEP SHIPYARD PTE. LTD.



Sea Deep Shipyard Pte. Ltd. ("Sea Deep") is a leading manufacturer and provider of specialised equipment with outstanding engineering expertise. Supported by its team of skilled engineers, Sea Deep provides excellent product customisation services to meet its customers' specific requirements for engineering products.

Sea Deep offers its own proprietary Sea Hercules cranes, specifically designed for fixed and floating platforms. Designed for safety, reliability, cost effective maintenance and user-friendliness, Sea Hercules cranes have a proven track record and a strong presence in Asia Pacific and the Middle East.

Sea Deep produces high quality steel products and components for new builds, repairs, conversions and upgrades of jackup rigs and liftboats. These components include racks, chords and bracing pipes which are then assembled by Sea Deep into leg sections. As an ISO9001 certified company, Sea Deep ensures every aspect of the production procedures is subjected to stringent quality control.

Sea Deep is also the sole-agent for DMW Marine Group LLC ("DMW Marine") for South East Asia. Sea Deep markets DMW Marine products and services which complement the range of Sea Deep's cranes.

Together with its wholly-owned subsidiary, Interseas Shipping (Private) Limited, Sea Deep builds long term relationships with its customers to provide a full range services and support from manufacturing, servicing and maintenance to refurbishment and replacement.

Striving towards innovation and efficiency, Sea Deep partakes in project management and turnkey conversions with proprietary designs whilst ensuring that high standards of health and safety are met.

Sea Deep is located in Singapore on a waterfront facility and has fully equipped workshops and in-house testing and training facilities.

Sea Deep's range of products and services include:

- Offshore Pedestal Cranes – Sea Hercules Kingpost Crane
- Steel Products and Components Fabrication – Rack Chords and Pinions
- Design and Engineering Services
- Ancillary Equipment – Elevating Systems, Skidding Systems, Raw Water Towers and Winches
- Mechanical Handling Equipment

Sea Deep continues to build upon its capabilities by improving and complementing its comprehensive suite of products and services offered.

BAKER ENGINEERING PTE. LTD.

Baker Engineering Pte. Ltd. ("Baker Engineering") was incorporated in May 2013 as a wholly-owned subsidiary of Baker Tech. Baker Engineering complements and adds a new dimension to Baker Tech's core business segment by designing and constructing mobile offshore units and critical equipment/components for the offshore marine industry.

Baker Engineering's wholly-owned subsidiary – BEL Design Pte. Ltd. ("BEL Design") develops all of Baker Engineering's designs and completed its first Liftboat design, the BEL320-4R200S Liftboat in 2014. The state of the art Liftboat is classed by the American Bureau of Shipping for Unrestricted Service and can work in water depths of up to 67m. The BEL320-4R200S Liftboat has a four legs which supports a large hull which can be elevated above sea level to provide a stable platform from which offshore installation, construction and maintenance work may be carried out. BEL Design continues to develop other Liftboat designs to expand its product offering to cater to the needs of the offshore oil and gas and wind farm industry. Each design targets a different sub-segment in terms of operational use, water depths, environmental conditions, crane lifting capacity and personnel accommodation.

A strike steel ceremony was held on 7 November 2014, at Baker Engineering's yard in Singapore to commemorate the start of the Liftboat construction process for Baker Engineering's inaugural Liftboat. According to schedule, the Liftboat's keel was laid on 16 February 2015 and the event was witnessed by Surveyors from ABS Pacific.

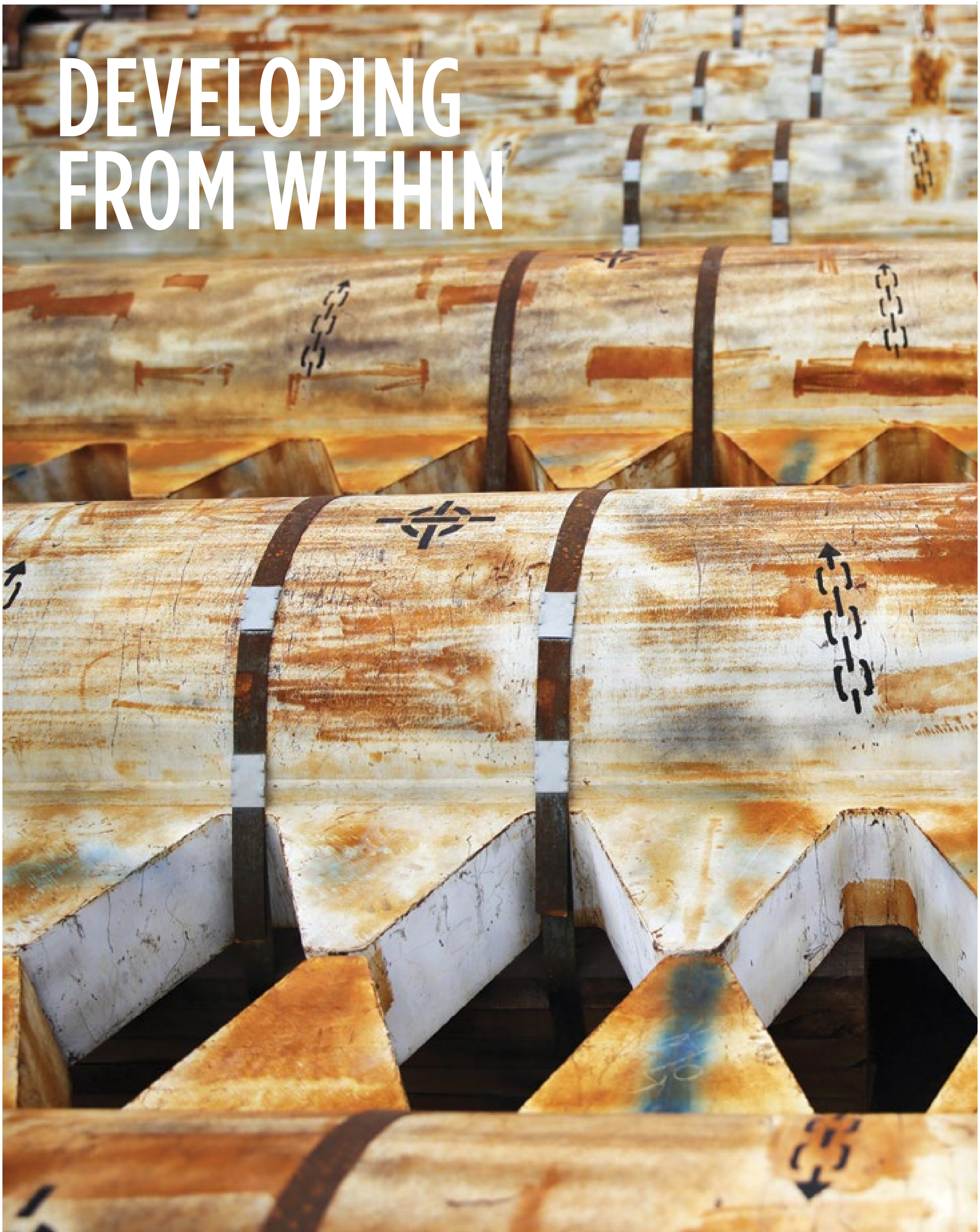
To further add a new dimension to its core business segment, BEL Design is developing a Liftboat design specifically for offshore wind farms – the BEL352-4T80W Wind Turbine Installation Vessel ("WTIV"). This WTIV has four trussed/lattice legs and has a variable deck load of 3,500MT. It can be equipped with a 600~1000MT around the leg crane, provides accommodation for 80 personnel and is capable of working in water depths up to 65m in the offshore wind farms.

BT INVESTMENT PTE. LTD.

BT Investment Pte. Ltd. ("BT Investment") was incorporated as a wholly-owned subsidiary of Baker Tech in 2013.

BT Investment is an investment holding company, focused on exploring new business opportunities to increase the Group's revenue stream and expansion of Baker Tech's product offerings through acquisitions and strategic alliances.

DEVELOPING FROM WITHIN



Our people are central to how we grow as an organisation. We believe in continually nurturing and developing our people. **That is how we drive Momentum**.

WORKPLACE SAFETY AND HEALTH

SAFETY IS THE RESPONSIBILITY OF EVERYBODY AND THUS THE GROUP PROVIDES COMPREHENSIVE SAFETY INDUCTION PROGRAMMES AND IMPLEMENTS SAFETY POLICIES AND PROCEDURES TO PROMOTE A GREATER UNDERSTANDING OF WORK RELATED RISKS AND PROPER SAFETY MEASURES.

SAFETY AT THE WORKPLACE

Baker Tech is fully committed to creating a safe working environment for all its employees, contractors, subcontractors and visitors to protect the well-being of everyone in the shipyards. The Group believes that all stakeholders are entitled to complete a day's work in the yards in a safe and healthy environment and to return home safely to their loved ones at the end of the day.

Safety is the responsibility of everybody and thus the Group provides comprehensive safety induction programmes and implements safety policies and procedures to promote a greater understanding of work related risks and proper safety measures. In addition, the Group regularly sends employees on external risk management and safety courses including emergency response team training to ensure that we keep abreast of and adopt best workplace safety and health practices.

As a constant reminder of safety precautions and practices, tool box meetings are held every morning during which safety reminders are given, high risk working areas are highlighted and any safety related incidents are raised and discussed. Advisory messages and signboards are placed strategically around the workplace to further cultivate a safe working environment. Drills are scheduled periodically to prepare all employees for emergency situations.

Both Sea Deep and Interseas have attained OSHA 18001 certification and BizSafe Level 3 while Baker Engineering has attained BizSafe Level 3 with the aim of achieving OSHA 18001.

Safety is of utmost importance and is a critical consideration in the day-to-day operations.

HEALTH AND SAFETY OF THE EMPLOYEES

Placing importance on employee welfare is an essential aspect of Baker Tech's culture. As such, the Group offers comprehensive employee benefits which include healthcare insurance, maternity leave and other employee benefits.

In addition, to promote a healthy and active lifestyle, during the course of 2014, Baker Tech organised weekly five kilometres runs around West Coast Park which also helped to strengthen team cohesiveness and foster inter-company relationships. The training was also organised in light of the Group's participation in the Singapore Exchange ("SGX") Bull Charge 5km Fun Run in November 2014.

For the foreign workers, the Group provides clean and well-maintained dormitories. The workers' dormitories are carefully selected and the Company ensures that there are amenities which includes medical, money transfer, supermarket facilities and recreational areas, which the workers can enjoy during their free time. Baker Tech also provide transportation to and from the dormitories.

NURTURING

Baker Tech strives to be a prospective employer of choice, by providing an environment where its people can learn, develop and make a difference at work. Furthermore, with increased competition for talent, the Group believes in investing in the development of its employees which is critical for the success of the Company. As such, Baker Tech regularly send its employees on training courses to provide them with the skills and know-how to take on bigger challenges within the Group and in turn help the Group grow and advance in the marketplace. Baker Tech and its subsidiaries, welcome employees from diverse backgrounds and cultures thus allowing the Group to draw on a wider range of experience and knowledge, potentially gaining a competitive advantage amongst its competitors.

By nurturing its people, Baker Tech will be best able to engage and retain talents for the organisation.

CORPORATE SOCIAL RESPONSIBILITY

As a good corporate citizen, Baker Tech believes in giving back to society through cash donations and staff volunteerism on various community and charity projects.

COMMUNITY OUTREACH

Baker Tech organised its inaugural food distribution drive to promote volunteerism as a part of its community outreach programme. Baker Tech partnered with the South-West Community Development Council, to identify more than sixty needy and low income families living in rental flats around the Boon Lay area.

Baker Tech's employees prepared a necessity pack which was distributed to the selected households.

The packs contained daily necessities such as rice, dairy products and protein-rich staple items which are crucial for maintaining a healthy diet and to achieve an overall better social well-being. The Group extended this programme to family members of its employees to further instill a sense of giving to the next generation.

ENGAGING OUR EMPLOYEES

Staff gatherings and engagement programmes are held regularly to facilitate two-way communication. Baker Tech and its subsidiaries have an open-door policy hence suggestions and feedback are always welcomed by senior management so employees are able to air their concerns in confidence. This encourages employees to cultivate and develop a positive mindset and culture at the workplace.

In a continuing effort to boost intercompany interaction, a durian feast was organised for all employees of the Group. Staff across various departments came together to enjoy a feast of creamy durians and other tropical fruits. This short but meaningful event saw a strong turn-out and fostered a more communicative and harmonious working relationship between the Group and new and existing employees. In honour of the country's racial diversity, the Group regularly celebrate various local festivals like Chinese New Year, Deepavali, Hari Raya and culminating with a festive fun and music-filled Christmas party at the end of the year. Food and lively conversations are featured prominently at these events.

SINGAPORE EXCHANGE ("SGX") BULL RUN

For the second consecutive year, Baker Tech supported the annual SGX Bull Charge which garnered an active following from the financial community in Singapore. Baker Tech joined in the 5km race around the Marina Bay area, which helped raise funds for four different charities in Singapore.

The Company also provided monetary support towards this worthy cause to aid various local communities. In addition, the run offered an excellent opportunity for the employees from different companies within the Group to bond during the training sessions and during the celebratory meal thereafter.

SINGAPORE CORPORATE GOVERNANCE WEEK

In the year of review, Baker Tech participated and contributed towards the Singapore Corporate Governance week as the Company strives to maintain transparency in its financial reporting standards, to adopt the best practices in corporate governance and to maintain its strict standard code of conduct.

INVESTOR RELATIONS

BAKER ENGINEERING LAUNCHED ITS WEBSITE IN 2014, SHOWCASING BAKER ENGINEERING'S LIFTBOAT AND ACTING AS A PLATFORM TO UPDATE THE PUBLIC ON ITS DEVELOPMENTS.

The Chairman of the Board, Mr Lim Ho Seng, spearheads the Investor Relations team for Baker Tech and is closely involved in the various interactions and communication channels between the Company and the investment community including shareholders. The Group values transparency and open communication with stakeholders and so ensures the timely release of financial results, related announcements and media releases to the investment community via SGX-ST and also the Company's website.

Baker Engineering launched its website (www.bakerengineering.com.sg) in 2014, showcasing Baker Engineering's liftboat and acting as a platform to update the public on its developments such as the strike steel ceremony on 7th November 2014. Together with Baker Tech's corporate website (www.bakertech.com.sg) and Sea Deep's website (www.seadeep.com.sg), the three websites provide a comprehensive source of information for all stakeholders.

The Group further engages the investment community through analyst briefings and meetings which provide an opportunity for senior management to address any questions or concerns from the investment community. The briefings are led by the Chairman and CEO and supported by key executives from the Group's various businesses.

The Annual General Meeting provides the main platform for shareholder engagement and was held on 25th April 2014 at the Republic of Singapore Yacht Club. The Board of Directors and key executives were present to address any enquiries and concerns raised by shareholders.

Baker Tech was once again recognised at the Singapore Corporate Awards in 2014 for our steadfast commitment to excellence and best practices in corporate governance. As a repeat recipient of the Best Managed Board (Gold) award and the Best Annual Report (Silver) in the under $300 million market capitalisation category, these awards further bolster the Group's resolve to continue to strive for exemplary standards in our business practices and to further drive the Group to sustainable success.

BAKER TECH WAS ONCE AGAIN RECOGNISED AT THE SINGAPORE CORPORATE AWARDS IN 2014 FOR OUR STEADFAST COMMITMENT TO EXCELLENCE AND BEST PRACTICES IN CORPORATE GOVERNANCE.

RISK MANAGEMENT AND MITIGATION

Risk management is an integral part of strategic, operation and financial decision-making processes at all levels of the Group. In an evolving economic and industrial landscape of uncertainties and vulnerabilities, the Group acknowledges the importance of identifying and addressing these risks.

The Group has in place an enterprise risk management framework to effectively mitigate and minimise any significant exposure to business interruption, pollution, injuries to people and damage to properties – all intrinsic in normal oil and gas activities.

The framework and implementation actions are regularly assessed and evaluated by the Board to ensure alignment with the Group's strategic objectives and consistency with the Group's risk appetite.

The Group's commitment towards a robust risk management framework and processes will equip it to respond promptly to challenges and opportunities ahead and in turn safeguards stakeholders' interests and the Group's assets to deliver sustainable value to shareholders.

INDUSTRY-RELATED RISKS

As a manufacturer and provider of specialised engineering components for the offshore marine oil and gas industry, the Group is exposed to challenges affecting the oil and gas industry today. Global economic sentiment, currency fluctuations, price swings from demand and supply are key factors driving offshore exploration and drilling activities.

The recent drop in oil prices from a high in June 2014 to a near six-year low of in January 2015 has reduced oil and gas expenditure, especially in exploration. To mitigate this risk, the Group, through Baker Engineering, has forayed into the less volatile oil production maintenance segment.

With steel being the main element in the Group's products, volatility in prices or delayed delivery of raw materials resulting in extended completion time and could weigh on the Group's financial performance.

To better manage price fluctuations in the market, the Group accounts for steel price volatility within its contracts with customers, while maintaining close working relationships with its long-term suppliers to ensure timely delivery of raw materials for the smooth completion of projects.

Baker Tech continues to explore business opportunities to diversify its core activities and actively engages in research and development to stay current with technological developments and product innovations in order to fortify its existing range of products and to develop new products to extend its market reach.

FINANCIAL RISKS

Due to the nature of the oil and gas market and the geographical spread of Baker Tech's customers and suppliers, the Group is exposed to currency fluctuations, primarily in US dollar, Euro and Singapore dollar.

To minimise the impact on its financial performance, the Group adopts natural hedging by procuring resources in the same currency as the sales currency and undertakes spot conversion of excess foreign currencies to Singapore dollar as required.

Most of the Group's operations are project-based executed over a prolonged period of time. With payments made progressively, the Group can potentially run into credit risks and defaults.

To ensure financial discipline, the Group adopts a policy to impose credit verifications and predominantly deals with counterparties with high credit ratings. In most instances, the Group also collects up-front non-refundable deposits and closely reviews outstanding debts and debtors.

OPERATIONAL RISKS

Operational risks are particularly inherent in the manufacture of heavy and oversized offshore engineering equipment. Accordingly, the Group has put in place measures that allow for pre-emptive identification of areas of potential exposure which can be addressed to minimise adverse impact to the Group.

Risk assessment is also carried out before the start of production activities and daily toolbox meetings are conducted by supervisors to reinforce the importance of workplace safety and health to all workers.

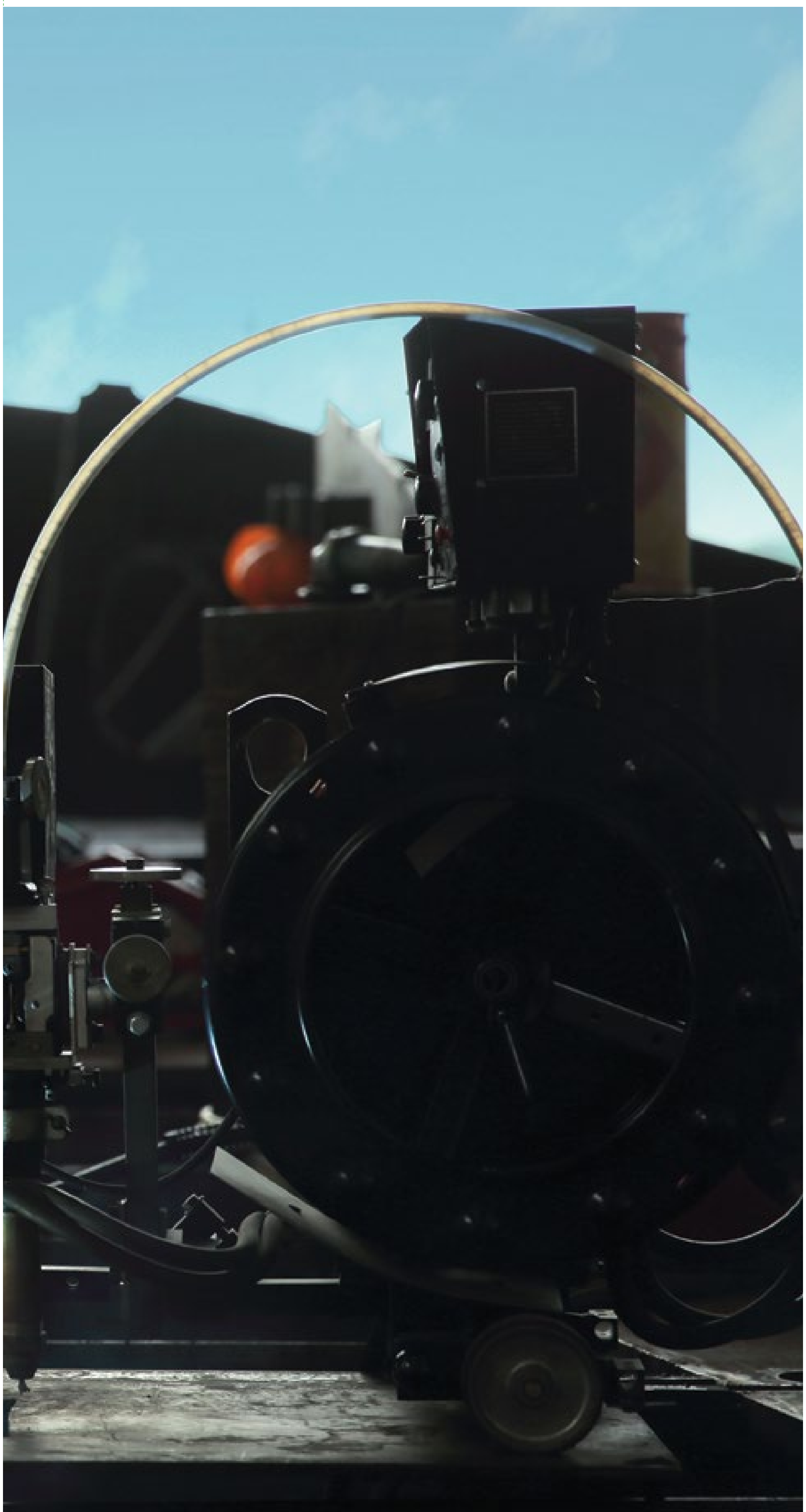
All operational employees of the Group are required to undergo internal safety briefings, external competency training, orientation programmes and fire evacuation drills to ensure preparedness and cooperation during emergencies.

To ensure seamless and efficient operations, it is crucial for the Group to hire and retain skilled and competent employees with relevant experience.

Tightening labour regulatory measures in the marine sector can result in hiring challenges. To address this risk, Baker Tech has established comprehensive human resource policies for the recruitment, compensation, development, engagement and retention of staff, to maintain its competitive edge.

By observing internal and external controls, the Group is determined to maximise operational efficiency through any downtime and ensure continuity to fulfil customer obligations.

BUILDING UPON SUCCESS



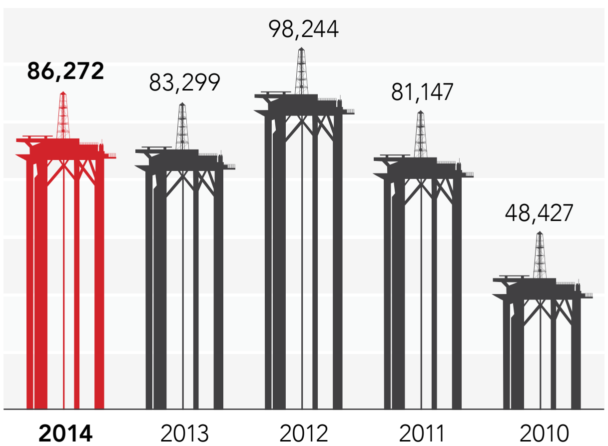
With a strong core business and an equally sturdy financial position, Baker Tech's success reflects its rock-solid business principles. We continue to build upon our foundation, creating enduring value for all our shareholders. **That is how we drive Momentum**.

FIVE-YEAR FINANCIAL HIGHLIGHTS

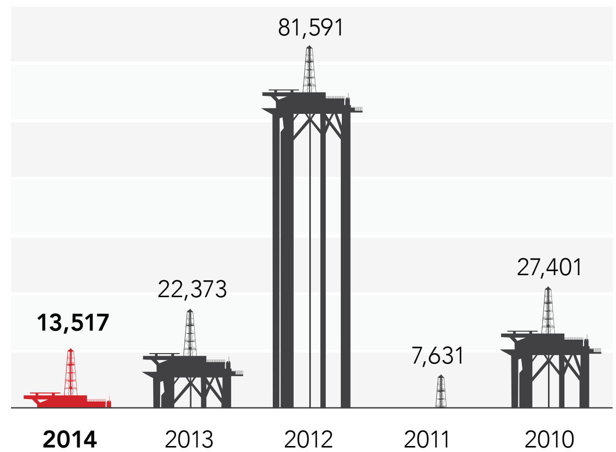
	2014	2013	2012	2011	2010
Financial Performance ($'000)					
Revenue	**86,272**	83,299	98,244	81,147	48,427
Gross profit	**22,706**	23,768	25,084	23,510	24,931
Share of results from joint venture / associates	**-**	(495)	587	(247)	16,212
Recognition of deferred gain on disposal of subsidiary	**-**	-	58,237	-	-
Gain on disposal of associates	**-**	8,757	10,894	-	-
Pre-tax profit	**16,326**	26,080	84,799	10,630	30,389
Pre-tax profit*	**16,326**	17,818	15,081	10,877	14,177
Profit after tax	**13,517**	22,373	81,591	7,631	27,401
Financial Position ($'000)					
Total assets	**236,049**	256,169	292,485	267,375	263,300
Cash and short-term deposits	**168,685**	205,871	173,902	169,277	214,130
Loans and borrowings	**-**	-	3,678	-	99
Deferred gain on disposal of subsidiary	**-**	-	-	58,237	58,237
Net current assets	**188,526**	222,902	225,358	129,922	163,848
Shareholders' equity	**216,901**	239,843	268,143	171,791	187,133
Per Share Data (Cents)					
Earnings per share	**1.5**	2.7	11.5	1.1	4.1
Diluted Earnings per share	**1.4**	2.4	8.3	0.8	2.8
Ordinary Dividend per share	**1.00**	1.00	1.50	1.00	3.00
Special Dividend per share	**-**	4.00	8.50	-	-
Cash per share	**18.3**	23.6	23.6	24.2	31.4
Net asset per share	**23.5**	27.5	36.4	24.5	27.4
Other Information					
Return on shareholders' equity	**6%**	9%	30%	4%	15%
Return on assets	**7%**	10%	29%	4%	12%
Dividend cover	**1.5**	0.5	1.2	1.1	1.4
Average number of employees	**171**	130	145	116	88
Revenue per employee ($'000)	**505**	641	678	700	550
Net order book (US$'m)	**30**	54	49	80	33
Stock Information					
Number of shares on issue ('000)	**923,070**	872,141	736,807	700,169	682,578
Highest/Lowest share price (cents)	**33.5/24.0**	45.0/25.5	34.5/25.0	44.5/23.5	56.5/28.0
Year-end share price	**25.0**	27.0	32.5	24.5	38.5
Year-end market capitalisation ($'m)	**230.8**	235.5	239.5	171.5	262.8

* Excluding share of results from joint ventures / assciates and gains from disposal of subsidiary / associates.

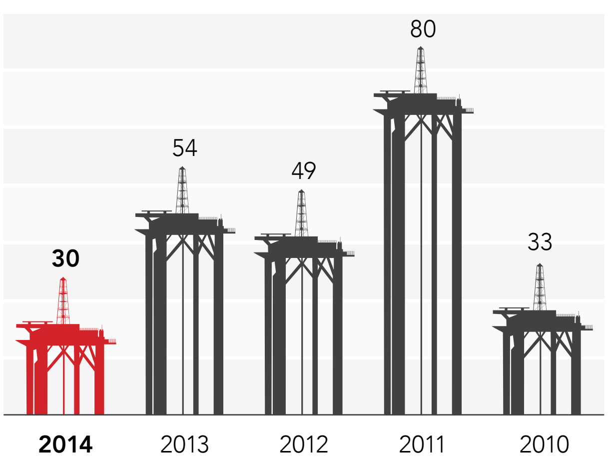
REVENUE ($'000)



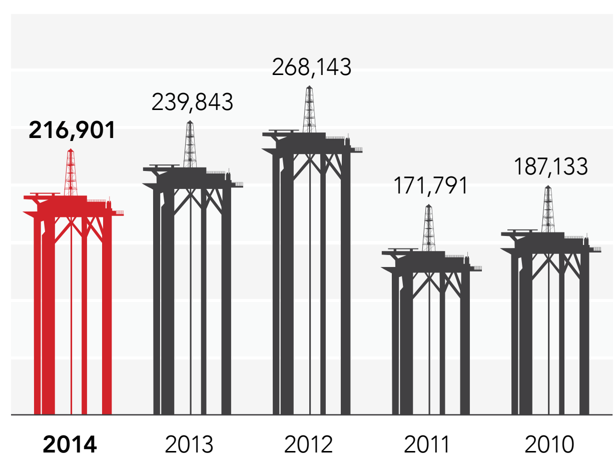
PROFIT AFTER TAX ($'000)



NET ORDER BOOK (US$'M)



SHAREHOLDERS' EQUITY ($'000)



SHARE PRICE PERFORMANCE ($)

OPERATING REVIEW

OVERVIEW

Baker Tech recorded a net profit of $13.5 million for FY2014 compared to a net profit of $22.4 million for FY2013 due to the absence of investment gain in FY2014. Excluding the investment gain, the Group's net profit stood at $13.5 million and $13.6 million for FY2014 and FY2013, respectively.

The Group's principal activity is in the manufacture and provision of specialised marine offshore equipment and services for the oil and gas industry. Its latest product offering features a state-of-the-art self-propelled multi-purpose jackup liftboat. The Group's subsidiary Baker Engineering Pte. Ltd. ("Baker Engineering") completed its design in 2014 and commenced the construction of the liftboat at its Singapore yard with a strike steel ceremony in November 2014, followed by keel laying in February 2015.

While Singapore's economy is expected to experience a healthy 2 to 4 percent growth in 2015, the outlook for the offshore marine sector remains weak for the coming 12 months. The US economy projects higher growth but this is likely to be tempered by weaker growth in the Eurozone, Japan and China markets. Global offshore drillers are facing a challenging environment as many major international oil companies rationalise capital expenditure.

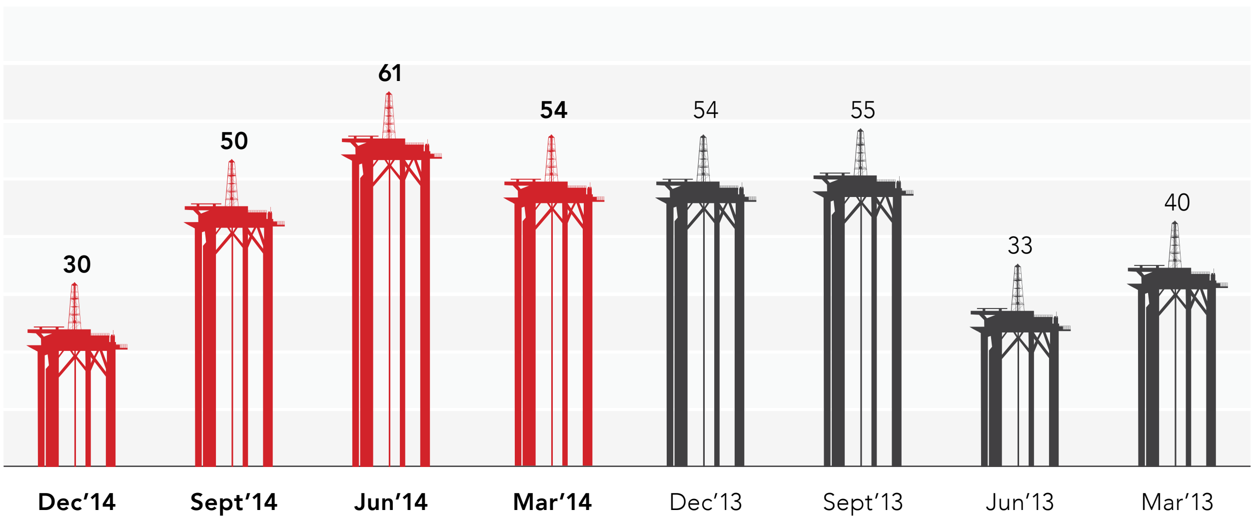
Baker Tech expects lower volatility in the oil production maintenance segments and is pleased to have embarked in this segment via its liftboat investment through Baker Engineering to tap on its opportunities and is progressing towards the development of equipment of its own design class of liftboats to serve to the relevant markets.

MARINE OFFSHORE

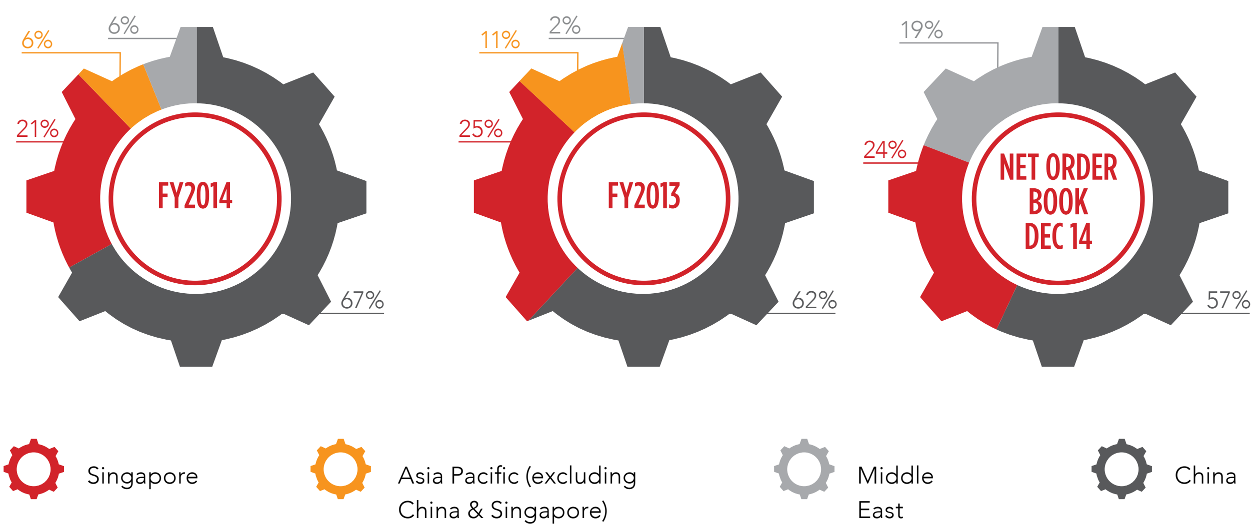
	2014 $'000	2013 $'000	% Change
Revenue	86,272	83,299	+4%
Net Profit	13,517	22,373	-40%
Net profit (excluding investment gain)	13,517	13,616	-1%

With the decline in oil prices, the Group witnessed a slowdown in order intake during the second half of FY2014. As at 31 December 2014, the Group's net order book stood at US$30 million and these orders are expected to be completed within the next 12 months.

Net Order Book Trend (US$'m)



Revenue By Geographical Area



China is an important market for the Group's marine offshore business and was the main contributor of revenue for FY2014, followed by Singapore.

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

	2014 $'000	2013 $'000	% Change
Revenue	**86,272**	83,299	+4%
Cost of sales	**(63,566)**	(59,531)	+7%
Gross profits	**22,706**	23,768	-4%
Other operating income / (expenses), net	**4,642**	1,871	+148%
Administrative expenses	**(11,022)**	(7,813)	+41%
Finance costs	**-**	(8)	-100%
Share of results of an associate	**-**	(495)	-100%
Gain on disposal of an associate	**-**	8,757	-100%
Profit before tax	**16,326**	26,080	-37%
Income tax expenses	**(2,809)**	(3,707)	-24%
Profit after tax	**13,517**	22,373	-40%
Gross Profit Margin	**26%**	29%	

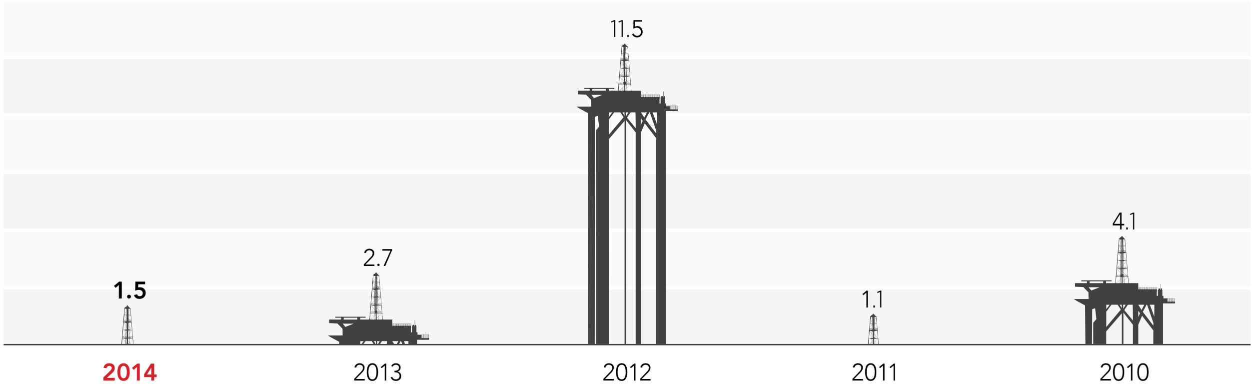
The 4% increase in Group revenue was due to higher progressive revenue recognition as a result of increased shipments to customers. Pre-tax profit was significantly lower compared to FY2013 mainly due to an investment gain of $8.8 million from the disposal of Discovery Offshore S.A. in FY2013.

With the incorporation of new subsidiaries in the last financial year and the construction of the liftboat, the Group incurred higher administrative expenses of $3.2 million. However, these increases were offset by foreign exchange gains during FY2014 as a result of the strengthening of the US dollars against the Singapore dollars, especially in the second half of the year.

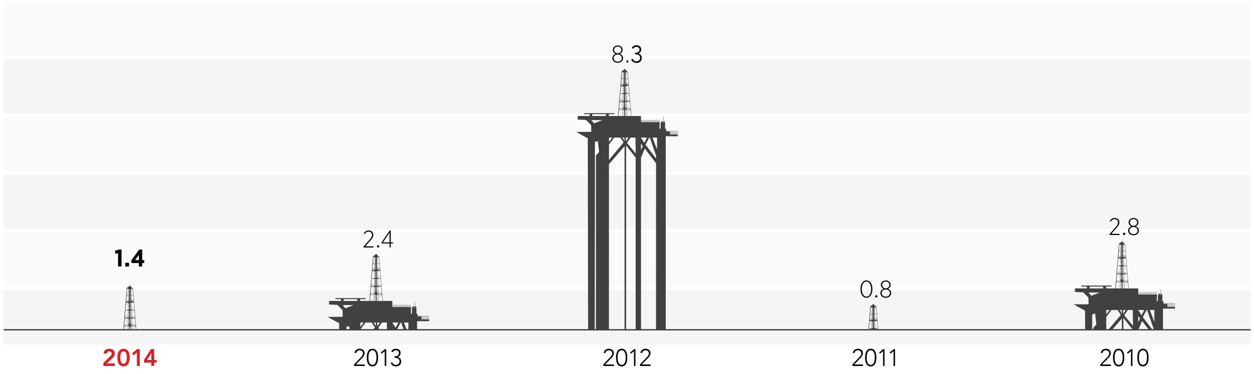
The Group's effective tax rate for FY2014 was 17% compared to 14% in FY2013. The FY2013 rate was lower than the statutory income tax rate of 17% in Singapore, as the investment gain from the disposal of an associate was capital in nature and not subject to tax. The factors above contributed to a net profit of $13.5 million in FY2014. Basic earnings per share were 1.5 cents for FY2014, compared to 2.7 cents in FY2013. Fully diluted earnings per share were 1.4 cents, after the adjustment for the dilutive effect of approximately 94 million warrants outstanding.

The Directors have recommended a first and final tax-exempt (one-tier) dividend of 1.0 cent per share to be paid for the year ended 31 December 2014. This is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

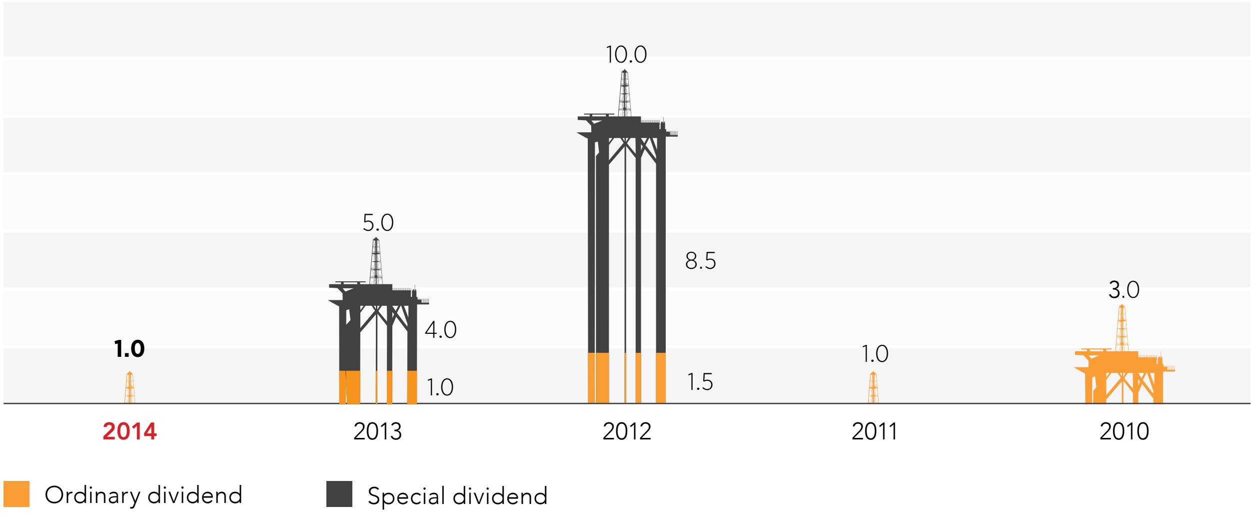
BASIC EARNINGS PER SHARE (CENTS)



DILUTED EARNINGS PER SHARE (CENTS)



DIVIDEND PER SHARE (CENTS)



FINANCIAL POSITION

	2014 $'000	2013 $'000	% Change
Non-current assets			
Property, plant and equipment	**9,305**	6,057	+54%
Intangible assets	**9,764**	7,551	+29%
Investment securities	**8,288**	2,456	+237%
Deferred tax assets	**1,018**	876	+16%
	28,375	16,940	+68%
Current assets	**207,674**	239,229	-13%
Current liabilities	**(19,148)**	(16,326)	+17%
Net current assets	**188,526**	222,903	-15%
Net assets	**216,901**	239,843	-10%
Share capital	**95,547**	86,851	+10%
Reserves	**121,354**	152,992	-21%
Shareholders' equity	**216,901**	239,843	-10%

The Group's non-current assets increased mainly due to the acquisition of new plant and machinery by its subsidiaries to boost their production capabilities, the acquisition of liftboat designs and the purchase of quoted corporate bonds to enhance its interest yield.

Current assets declined from $239.2 million to $207.7 million. Approximately 81% (or $168.7 million) of the Group's current assets is made up of cash and short-term deposits. Current liabilities saw an increase from $16.3 million to $19.1 million and this was in-line with the increase in production activities of the Group's operating subsidiaries during the current year. The Group had zero debt as at 31 December 2014.

Shareholders' equity decreased by $22.9 million due to the payment of $45.2 million in dividends to shareholders, and this was partially offset by $8.7 million of proceeds from the conversion of warrants, and retained profits for the year.

As a result, the Group's net asset value per share reduced from 27.5 cents at the end of 2013 to 23.5 cents by end 2014.

CASH FLOWS

	2014 $'000	2013 $'000	% Change
Cash from operating activities	**9,030**	52,341	-83%
Cash (used in) / from investing activities	**(8,125)**	29,302	NM
Cash used in financing activities	**(36,550)**	(54,351)	-33%
Net (decrease) / increase in cash & cash equivalent	**(35,645)**	27,292	NM
Effect of exchange rate changes on cash and cash equivalents	**2,459**	677	+263%
Cash & cash equivalent at beginning of year	**201,871**	173,902	+16%
Cash & cash equivalent at end of year	**168,685**	201,871	-16%

* NM denotes Non-Meaningful.

The Group reported a lower cash flow from operating activities predominantly due to higher working capital requirements, especially for work-in-progress.

During the year, the Group had also invested in corporate bonds to enhance interest yield, purchased fixed assets to boost production capabilities and paid $45.2 million in dividends to shareholders. As a result, the Group reported a negative net cash flow of approximately $36 million for FY2014.

The Group's cash position remains very strong at over $160 million as at end 2014, or 18.3 cents per share.

GROUP QUARTERLY RESULTS

	Q1 $'000	Q2 $'000	Q3 $'000	Q4 $'000	Full Year $'000
Revenue					
2014	18,510	17,791	21,113	28,858	86,272
2013	25,059	22,142	20,718	15,380	83,299
Gross Profit					
2014	4,935	4,157	6,178	7,436	22,706
2013	6,025	4,663	6,672	6,408	23,768
Pre-tax profit					
2014	2,382	1,407	5,264	7,273	16,326
2013	4,215	12,160	4,479	5,226	26,080
Pre-tax profit*					
2014	2,382	1,407	5,264	7,273	16,326
2013	4,301	3,707	4,584	5,226	17,818
Net profit					
2014	1,760	955	4,327	6,475	13,517
2013	3,247	11,320	3,619	4,187	22,373
Gross profit margin					
2014	27%	23%	29%	26%	26%
2013	24%	21%	32%	42%	29%
Net profit margin					
2014	10%	5%	20%	22%	16%
2013	13%	51%	17%	27%	27%

* Excluding share of results from joint ventures / associates and gains from disposal of subsidiary / associates.

Although order in-take showed signs of slowing down in the second half of 2014 due to the drop in oil prices, Group revenue still improved to above the $20 million mark for 3Q2014 and 4Q2014, due to increased shipments to customers for existing orders.

Gross profit margins varied depending on the product mix and stages of construction of the projects being undertaken during the various quarters. Gross profit margins remained relatively consistent during 2014 and they range from 23% to 29%. Notably, gross profit margin were higher at 42% in 4Q2013 due to improvements in production efficiency for certain projects.

The Group's pre-tax profits for 3Q2014 and 4Q2014 were higher than earlier quarters due to higher revenue as well as higher exchange gains from the sharp appreciation of the US dollar against the Singapore dollar during these periods. The surge in pre-tax profits to $12.2 million in 2Q2013 was due to the recognition of gain on disposal of investments in Discovery Offshore S.A. ($8.8 million).

5-YEAR PERFORMANCE REVIEW

	2014 $'000	2013 $'000	2012 $'000	2011 $'000	2010 $'000
Revenue	**86,272**	83,299	98,244	81,147	48,427
Gross profit	**22,706**	23,768	25,084	23,510	24,931
Pre-tax profit	**16,326**	26,080	84,799	10,630	30,389
Pre-tax profit*	**16,326**	17,818	15,081	10,877	14,177
Net profit	**13,517**	22,373	81,591	7,631	27,401
Shareholders' equity	**216,901**	239,843	268,143	171,791	187,133
Loans and borrowings	**-**	-	3,678	-	99
Cash and short-term deposits	**168,685**	205,871	173,902	169,277	214,130
Earnings per share (Cents)	**1.5**	2.7	11.5	1.1	4.1
Diluted Earnings per share (Cents)	**1.4**	2.4	8.3	0.8	2.8

* - Excluding share of results from joint ventures / associates and gains from disposal of subsidiary / associates.

2010

The global financial crisis threatened many companies but the Group managed to weather through. Revenue saw a decline from $79.2 million to $48.4 million as a result of slower order intake in 2009 with gross profit declining to $24.9 million. Over the course of 2010, activities in the oil and gas industry started to gain momentum and the Group's order book began to strengthen again. By December 2010, the order book had recovered to a steady US$33 million.

During the year, the Group sold its stake in PPL Holdings Pte Ltd ("PPLH") an investment holding company which owns a 15% stake in PPL Shipyard Pte Ltd, for US$116.25 million ($150.5 million). However, due to the ensuing legal suit between PPLH and Sembcorp Marine Ltd ("SCM") over the disposal, the gain on disposal of $58.2 million was deferred until the final ruling was made in 2012.

As a result of lower contributions from Sea Deep and a lower share of results from PPL Shipyard Pte Ltd, pre-tax profit decreased from $96.1 million to $30.4 million in 2010. However, following the completion of the disposal of PPLH, the Group's cash position improved significantly from $76.4 million to $214.1 million.

2011

2011 showed positive signs of recovery with the Group's net order book beginning to strengthen, jumping from US$33 million to hit a high of US$102 million in September 2011, before ending the year at US$80 million. Consequently, revenue increased steadily by 68%, from $48.4 million in 2010 to $81.1 million in 2011. However, with competitive pricing and lower margins earned from some projects, coupled with less opportunity for value-added services, this resulted in gross profit easing by 6% to $23.5 million.

Combined with the absence of contribution from PPL Shipyard Pte Ltd and higher professional fees incurred for the legal dispute with SCM, the Group's pre-tax profit declined from $30.4 million to $10.6 million. The Group's cash position remained strong at $169.3 million.

2012

The Group peaked its record revenue in 2012, growing 21% from $81.1 million in 2011 to $98.2 million. The Group also disposed of its remaining 49% stake in York Transport Equipment (Asia) Pte Ltd for $22.2 million, recognising a gain of $10.9 million from the disposal. Following the High Court ruling in the Group's favour in relation to the legal suit with SCM, the Group recognised the deferred gain of $58.2 million from the disposal of PPLH. As a result of these gains, pre-tax profit surged to $84.8 million.

However, amidst an increasingly uncertain global economic outlook, order intake began to slow down in the second half of the year. As at December 2012, the net order book stood at US$49 million.

The Group's cash position remained healthy at $173.9 million.

2013

With the gain of $8.8 million from the disposal of its associate, Discovery Offshore S.A., the Group saw greater profitability in 2013. With the exclusion of the investment gain, the Group's net profit improved from $12.5 million in 2012 to $13.6 million for 2013.

Despite paying out a record dividend of $87.2 million to shareholders for financial year 2012, the Group's cash position remained strong at $205.9 million at December 2013 or 23.6 cents per share. This was attributed to proceeds from the conversion of warrants and positive cash inflows from operations.

2014

In 2014, the Group witnessed its revenue increasing 4% year-on-year. The Group's net profit of $13.5 million for FY2014 was a slight decline compared to $13.6 million recorded for FY2013 (excluding investment gain of $8.8m).

With higher administrative expenses due to new operating subsidiaries, the Group incurred an additional administrative expense of $3.2 million in FY2014. However, this increase was offset by higher exchange gain and lower taxation charge for the current year.

SUSTAINING EXCELLENCE

Baker Tech firmly believe that good corporate governance promotes better results. Our emphasis on transparency and accountability create an efficient structure organisation, and sustain the organisational excellence Baker Tech has come to be known for. **That is how we drive Momentum**.

CORPORATE GOVERNANCE REPORT

Baker Technology Limited (the "Company" or "Baker Tech") and its subsidiaries (collectively, the "Group") are committed to observing high standards of corporate governance and promoting corporate transparency accountability and integrity to enhance shareholders' value.

The Company was once again a Gold award recipient in the "Best Managed Board" category (for companies under $300 million in market capitalisation) at the 2014 Singapore Corporate Awards having previously received the prestigious Gold award in 2011 and Silver in 2010. The Singapore Corporate Awards, organised by The Business Times and supported by The Singapore Exchange, aim to showcase and honour excellence in shareholder communications and corporate governance amongst SGX-listed companies. In addition, the Company received a Silver award for Best Annual Report for companies under $300 million in market capitalisation at the 2014 Singapore Corporate Awards, making it the fourth consecutive year that the Group has won an award in this category. The award recognises excellence in the presentation of financial reporting, high level of corporate disclosures and transparency.

This report sets out the Company's corporate governance practices for the financial year ended 31 December 2014 ("FY2014"), with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "Code"). The Company has adhered to such principles and guidelines, where applicable, and has identified and explained areas of non-compliance in this report.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Board's Role

The Board oversees the overall management and business affairs of the Group. The Board also sets the Group's values and standards to ensure obligations to shareholders and other stakeholders are understood and met. Its primary functions are to approve the broad policies, strategies and financial objectives of the Group and monitor the performance of Management, consider the sustainability issues as part of its strategic formulation, oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance and assume responsibility for corporate governance. The Board delegates the formulation of business policies and day-to-day management to the Executive Directors.

Independent Judgment

In discharging their fiduciary duties, all Directors are expected to exercise independent judgment and make decisions objectively in the best interest of the Company. A Director who is interested in a transaction or proposed transaction will declare his interest and also abstain from deliberation and decision making. Independence is an important criterion for the Nominating Committee's evaluation of the performance of each Director and the individual Director's self-assessment.

Delegation of Authority to Board Committees

The Board is supported by the Board Committees established to assist the Board in discharging its responsibilities and enhance the Group's corporate governance framework. They are the Audit Committee, the Remuneration Committee and the Nominating Committee. Each of these committees has its own specific terms of reference setting out the authority and duties of the Board Committees and all the terms of reference for the Board Committees are approved by the Board.

Board Processes

Board and Board Committee meetings are held regularly, with the Board meeting no less than 4 times a year. To facilitate Director's attendance at meetings, the dates of Board and Board Committee meetings as well as annual general meeting are scheduled in advance. Ad-hoc Board and Board Committee meetings are arranged as and when circumstances require. Telephonic attendance and conference via audio-visual communication at Board and Board Committee meetings are allowed under the Company's Articles of Association. In 2014, the Board met five times.

The number of the Board and Board Committees meetings held in 2014, and the attendance of the each member of the Board and Board Committees at the meetings are as follows:

	Board		**Audit Committee**		**Nominating Committee**		**Remuneration Committee**	
Name of Directors	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Lim Ho Seng	5	5	5	5*	1	1*	2	2
Dr Benety Chang	5	5	5	5*	1	1	2	2*
Jeanette Chang	5	5	5	5*	1	1*	2	2*
Tan Yang Guan	5	5	5	5*	1	1*	2	2*
Wong Meng Yeng	5	5	5	5	1	1	2	1*
Wong Kwan Seng Robert(1)	2	2	2	2*	1	1*	2	1*
Ang Miah Khiang	5	5	5	5	1	1*	2	2
Han Sah Heok Vicky	5	5	5	5	1	1	2	2

Notes:

(1) Mr Wong Kwan Seng Robert retired as Non-Executive Director on 25 April 2014.

* Refers to meetings attended by invitation.

Matters Requiring Board Approval

The Group has in place an internal guide regarding matters that require Board approval. These include setting of strategic directions, policies or financial objectives which are significant in terms of future profitability or performance of the Group, material transactions such as major investment or acquisition, divestments and funding proposals, approval of annual budgets, financial statements and declaration of dividends. Management was also given clear directions on matters (including setting thresholds for operating and capital expenditure relating to subsidiaries) that require the Board's approval.

Board Orientation and Training

The Company has an orientation programme for newly appointed Directors to familiarise themselves with the Group's senior Management, business operations, governance and best practices. The new Director will receive an induction pack comprising the Company's latest annual report, information and documents relating to role and responsibilities of a director, information on internal policies and procedures and regulatory guidelines relevant to the Group, Guidebook for Audit Committees in Singapore (for new appointees to the Audit Committee) and board meeting calendar for the year. Formal letters of appointment have been issued to the Independent Directors setting out the key terms of their appointment, duties and obligations. No new Directors were appointed in 2014.

The Directors are provided with updates regarding new legislation and/or regulations which are relevant to the Group. In addition, the Directors are encouraged to attend relevant conferences and seminars including programmes conducted by the Singapore Institute of Directors ("SID") at the Company's expense. Directors with no prior experience as a director of a listed company will be encouraged to attend the Listed Company Director Programme conducted by the SID. At Audit Committee meetings, the external auditors provide regular updates on new or revised financial reporting standards whenever relevant and applicable to the Group.

The Nominating Committee reviews and makes recommendations on the training and professional development programs to the Board. The Board was apprised of the training programmes attended by the Directors in 2014.

Principle 2: Board Composition and Guidance

Board Independence

The present Board comprises seven (7) Directors. There are three (3) Independent Directors, two (2) Non-Executive Directors and two (2) Executive Directors. The Directors as at the date of this report are listed as follows:

Mr Lim Ho Seng	Chairman, Non-Executive Director
Dr Benety Chang	Chief Executive Officer
Ms Jeanette Chang	Executive Director
Mr Tan Yang Guan	Non-Executive Director
Mr Wong Meng Yeng	Lead Independent Director
Mr Ang Miah Khiang	Independent Director
Ms Han Sah Heok Vicky	Independent Director

Mr Lim Ho Seng has been re-designated from an Independent Director to a Non-Executive Director with effect from 1 January 2014 as he has served for more than nine years on the Board.

With more than one-third of the Board comprising of Independent Directors, this provides for objective and independent judgment by the Board on the corporate affairs of the Company. No individual or small group of individuals dominates the Board's decision-making process. However, the Code recommends that where the Chairman of the Board is not an Independent Director, at least half of the Board composition should be independent and adherence to this recommendation should be completed no later than the date of the Company's Annual General Meeting ("AGM") to be convened in April 2017. The Board will take the necessary steps to comply with the recommendation under the Code and appoint a new Independent Director prior to the Company's AGM in April 2017.

The Nominating Committee adopts the Code's definition of an independent director and guidelines as to relationships in determining the independence of a director. For the purpose of determining directors' independence, every Director has provided declaration of their independence which is deliberated upon by the Nominating Committee and the Board. The Independent Directors are Mr Wong Meng Yeng, Mr Ang Miah Khiang and Ms Han Sah Heok Vicky.

Composition and Size of the Board

The Nominating Committee, reviews the size and composition of the Board and Board committees annually to ensure that the size of the Board is conducive to effective discussion and decision making and the Board has the appropriate number of independent directors. When there is a vacancy or a need for new appointments to the Board, the Nominating Committee would select and recommend candidates based on their skills, experience, knowledge and diversity in terms of expertise. The Board is of the view that its present size is appropriate, taking into account the nature and scope of the Group's operations. The current Board has a good mix of core competencies in the areas of marine and offshore industry knowledge, accounting and finance, compliance, legal, business and management experience, familiarity with regulatory requirements and knowledge of risk management. The Board currently has two (2) female directors, namely, Ms Jeanette Chang and Ms Han Sah Heok Vicky, in recognition of the importance and value of gender diversity. The profiles of the Directors are set out on pages 14 to 17 of this Report.

Role of the Non-Executive Directors

The Non-Executive Directors, including Independent Directors, participate actively in the Board and Board Committees. They are encouraged to constructively challenge and help develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. To facilitate a more effective check on Management, they are encouraged to meet regularly without the presence of Management. In addition, they are free to request further clarification and also have independent access to our Senior Management. If necessary, Non-Executive Directors, including Independent Directors, may initiate meetings to address any specific matter involving any other member of our Management.

Principle 3: Chairman and Chief Executive Officer

There is a clear separation of roles and responsibilities of the Chairman and Chief Executive Officer ("CEO"). The Chairman of the Board is Mr Lim Ho Seng. He was an Independent Director until his re-designation to Non-Executive Director on 1 January 2014. He has no familial relationship with the CEO of the Company. The Chairman provides leadership to the Board. He sets the meeting agenda in consultation with the CEO and ensures that Directors are provided with accurate, timely and clear information, promotes a culture of openness and debate at the Board as well as to ensure effective communication with the shareholders. In addition, the Chairman encourages constructive relations within the Board and between the Board and Management to facilitate the effective contribution of non-executive directors in particular in order to promote high standards of corporate governance. The CEO supervises the day-to-day business operations and executions of strategies and policies with the support of the Executive Director and Management.

With effect from 1 January 2014, the Company has appointed Mr Wong Meng Yeng as the Lead Independent Director. The Lead Independent Director is the principal liaison to address shareholders' concerns, in which direct contact through normal channels of the Chairman, the CEO or the Chief Financial Officer ("CFO") has failed to resolve or for which such contact is inappropriate. The Independent Directors will meet at least annually without the presence of other Directors, and the Lead Independent Director will provide feedback to the Chairman after such meetings.

Principle 4: Board Membership

NC Composition

The Nominating Committee ("NC") comprises the following three members:

Mr Wong Meng Yeng	(Chairman and Lead Independent Director)
Ms Han Sah Heok Vicky	(Independent Director)
Dr Benety Chang	(CEO, Executive Director)

The NC's responsibilities as set out in its terms of reference approved by the Board, are to review and recommend candidates for appointment and re-appointment of Directors to the Board and the Board Committees, determine Director's independence, evaluate performance of the Board as a whole, its Board Committees and the individual Directors, review appointments and resignations of key management personnel and to review the Director's training and continuous professional development programme.

During the year, the NC held one scheduled meeting with full attendance.

Process for selection and appointment of new Directors

The NC makes recommendations to the Board on all board appointments and re-appointments. The selection for suitable candidates is conducted through contacts and recommendations and where necessary, external consultants may be engaged at the Company's expense. In reviewing and recommending to the Board any new Director appointment, the NC considers the needs and requirements of the Board and evaluates the candidate's independence, competencies and suitability of the candidates which include, age, gender, academic and professional qualifications, industry experience, number of other directorships, relevant experience as a director and ability and adequacy in carrying out required task. Candidates who are shortlisted after being interviewed by members of the NC are then assessed by the Board for approval and appointment. There is currently no alternate director on the Board.

Directors' Time Commitments

The NC has adopted internal guidelines addressing competing time commitments that are faced when directors serve on multiple boards. The guideline stipulates that, as a general rule, each Director should not hold more than five listed company board representations and other principal commitments. In determining the ability of a director to carry out his duties as a director of the Company, the NC also takes into account the results of the assessment of the effectiveness of the individual director and the respective director's actual conduct on the Board.

In respect of FY2014, the NC was of the view that each Director had discharged his/her duties adequately and that each Director's directorship was in line with the Company's guidelines of not more than five listed company board representations and other principal commitments.

Re-nomination of Directors

In accordance with the provisions of the Company's Articles of Association, one-third of the Directors are required to retire from office by rotation at every AGM.

Dr Benety Chang and Mr Tan Yang Guan are Directors retiring by rotation at the forthcoming AGM in accordance to the Company's Articles of Association.

Mr Lim Ho Seng, who is over the age of 70 years, is required to retire pursuant to Section 153(6) of the Companies Act, Cap. 50 at the forthcoming AGM of the Company. Mr Lim has expressed his consent to seek re-appointment as a Director of the Company at the forthcoming AGM.

All Directors to be re-elected and re-appointed have to be assessed and recommended by the NC before submission to the Board for approval. In recommending a Director for re-election and re-appointment to the Board, the NC takes into consideration the Directors' contribution and performance at Board and Board Committee meetings, including attendance, preparedness, participation and candour. Each member of the NC shall abstain from participating in matters in which he is interested.

The Board had accepted the NC's recommendation and being eligible, Dr Benety Chang, Mr Tan Yang Guan and Mr Lim Ho Seng will be offering themselves for re-election / re-appointment at the forthcoming AGM.

Principle 5: Board Performance

The NC has implemented a process for an annual assessment of the effectiveness of the Board as a whole, its Board Committees as well as of the Chairman and each Director.

Reviews of Board and Board Committees incorporate factors such as Board composition, conduct of meetings, corporate strategy and planning, risk management, measuring and monitoring performance, financial reporting and communication with shareholders. The NC evaluated the performance of each Director, taking into account the individual Director's self-assessment. This evaluation process took into account, among others, each Director's commitment of time for meetings of the Board and Board Committees, participation, contribution and deliberation of issues at meetings, knowledge and understanding of the major risk factors of the Company and interaction with fellow Directors, Management and other relevant parties as well as to determine whether new members should be added to the Board or to seek the resignation of directors.

Based on the NC's review, the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

Principle 6: Access to Information

Complete, Adequate and Timely Information and Access to Management

Information and data are important to the Board's understanding and deliberation of the Group's business. Management's proposals to the Board and Board Committees for decisions provide background and explanatory information which include but not limited to monthly management accounts and analysis, information on budgets, forecasts, cash flow projections and manpower statistics.

Prior to each Board and Board Committees meeting, Management will provide the Directors with the meeting agendas and the relevant materials relating to the matters to be discussed during the meetings, so as to facilitate an informed discussion. During the regular Board and Board Committee meetings, key management personnel are invited to attend the Board and Board Committee meetings in order to make the appropriate presentations and to answer any queries from the Directors, if necessary. The Directors are given separate and independent access to the Management to address any enquiries or requests for additional information, if necessary.

Where a physical Board meeting is not possible, communication with members of the Board is effected through electronic means, which include electronic mail and teleconferencing. Alternatively, Management will arrange to personally meet and brief each Director before seeking the Board's approval on a particular issue.

Company Secretary

The Board has direct and independent access to the Company Secretary, whose duties and responsibilities are clearly defined. The Company Secretary attends all Board and Board Committee meetings and ensures that all Board procedures are followed. The Company Secretary, together with Management, also ensures that the Company complies with all applicable statutory and regulatory rules. The minutes of all Board and Board Committees meetings are circulated by the Company Secretary to the respective Board and Board Committees. The appointment and removal of the Company Secretary is subject to the approval of the Board.

Independent Professional Access

The Directors, either individually or as a group, are entitled to take independent professional advice, where appropriate, with such expense borne by the Company.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") comprises the following three members:

Ms Han Sah Heok Vicky	(Chairman and Independent Director)
Mr Ang Miah Khiang	(Independent Director)
Mr Lim Ho Seng	(Non-Executive Director)

The RC's principal responsibilities are set out in its terms of reference approved by the Board. These are to review and recommend a framework of remuneration for the Directors and key management personnel and the specific remuneration packages including but not limited to Director's fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kind of the Executive Directors and key management personnel; and to ensure that the framework is competitive and sufficient to attract, retain and motivate the Directors to provide good stewardship of the Company and the key management personnel to successfully manage the Company. None of the RC members or Directors is involved in deliberations in respect of any remuneration, compensation or any form of benefit to be granted to him/her. The RC has full authority to engage any external independent professional advice on executive compensation and remuneration related matters, if and when required at the Company's expense.

The RC reviews the Company's obligations under the service agreements of the Executive Directors and key management personnel that would arise in the event of termination of these service agreements to ensure that such service agreements contain fair and reasonable termination clauses.

Principle 8: Level and Mix of Remuneration

Remuneration of Executive Directors and Key Management Personnel

The Group's remuneration policy for Executive Directors and key management personnel comprises base/fixed salary component and a variable bonus component that is linked to the Company/Group and individual performance and alignment with the interests of shareholders to promote the long-term success of the Company. In setting remuneration packages, the Group takes into consideration the market and pay conditions within the industry as well as the Group's performance in the relevant financial year and individual performance.

The Executive Directors do not receive Directors' fees. Non-Executive Directors, including Independent Directors, (save for Mr Tan Yang Guan, who is remunerated by way of consultancy fees for providing financial advice and overview to the Group) are paid Directors' fees which take into consideration the contribution, time and effort spent and responsibilities of the Directors. The Directors' fees comprise a basic fee and additional fees for appointment on Board Committees. The Non-Executive Directors are not over compensated to the extent that their independence may be compromised.

The Company does not have any contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Currently, the Company does not have any long-term incentive schemes.

Following a review undertaken in the preceding financial year (i.e. ended 31 December 2013), the Company's Board fee framework during the year is set out below.

Basic Fee for Board Members	$38,500 per annum
Additional fees:	
- Allowance for Board Chairman	75.0% of Basic Fee
- Allowance for Lead Independent Director	20.0% of Basic Fee
- Audit Committee Chairman	50.0% of Basic Fee
- Audit Committee Members	25.0% of Basic Fee
- Remuneration / Nominating Committee Chairman	25.0% of Basic Fee
- Remuneration / Nominating Committee Members	12.5% of Basic Fee

Shareholders' approval will be sought at the AGM of the Company on 23 April 2015, for the payment of Directors' fees proposed for the financial year ending 2015 amounting to $262,763 (FY2014: $275,596).

Principle 9: Disclosure on Remuneration

Disclosure of Remuneration

The Directors' remuneration for FY2014 is set out below:

Directors	Fees ($)	Salary, CPF & Allowance ($)	Bonus ($)	Other Benefits* ($)	Total ($)
Lim Ho Seng	72,187	-	-	-	72,187
Dr Benety Chang	-	475,325	455,000	-	933,325
Jeanette Chang[(1)]	-	280,000	80,000	-	360,000
Tan Yang Guan	-	-	-	140,925	140,925
Wong Meng Yeng	65,450	-	-	-	65,450
Wong Kwan Seng Robert[(2)]	12,833	-	-	-	12,833
Ang Miah Khiang	62,563	-	-	-	62,563
Han Sah Heok Vicky	62,563	-	-	-	62,563

Notes:

(1) Ms Jeanette Chang is the daughter of Dr Benety Chang, Chief Executive Officer.

(2) Mr Wong Kwan Seng Robert retired as Non-Executive Director on 25 April 2014.

* this relates to consultancy fees paid by the Company.

The table below shows the remuneration of the top five key management personnel (who are not Directors or the CEO) ("KMP") for FY2014:

Top five KMP	Designation	Salary, CPF & Allowance (%)	Bonus (%)
$1,250,000 to $1,500,000			
Ong Thian Whee Albert	Managing Director (Sea Deep Shipyard Pte. Ltd.)	17	83
$250,000 to below $500,000			
Tan Kiang Kherng	Chief Financial Officer (Baker Technology Limited)	78	22
Tan Keng Tiong Alvin	Senior Vice President -Business Development (Baker Technology Limited)	78	22
Tan Wee Lee	Managing Director (Baker Engineering Pte. Ltd.)	78	22
Heath McIntyre	Managing Director (BT Investment Pte. Ltd.)	87	13

The total remuneration paid to the top five KMP for FY2014 amounted to $2,899,799.

The Company believes that it may not be in the Group's interest to disclose the remuneration of the KMP to the level as recommended by the Code, given highly competitive hiring conditions and the need to retain the Group's talent pool.

Employee Related to Directors/CEO

Save as disclosed in the above remuneration table for Directors, there is no employee in the Group who is an immediate family member of any of the directors or the CEO and whose remuneration exceeded S$50,000 during FY2014. "Immediate family member" means spouse, child, adopted child, step-child, brother, sister and parent.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board, through its announcements of quarterly and full-year results as well as price sensitive issues, aims to provide shareholders with a balanced and understandable assessment of the Group's financial performance, position and prospects.

The Company recognises the importance of providing the Board with a continual flow of relevant information on an accurate and timely basis in order that it may effectively discharge its duties. On a regular basis, Board members are provided with business and financial reports comparing actual performance with budget, highlights on key business indicators and other major issues.

For the financial year under review, the CEO and the CFO have provided assurance to the Board on the integrity of the financial statements for the Company and its subsidiaries.

Principle 11: Risk Management and Internal Controls

The Board has overall responsibility for the management of the Group's key risks to safeguard shareholders' interests and its assets.

The Audit Committee ("AC") assists the Board in providing risk management oversight while the ownership of day-to-day management and monitoring of existing internal control systems are delegated to Management which comprise the Executive Directors and senior executives of the Group.

The AC, with the assistance of the internal auditors, reviews the adequacy and effectiveness of the Company's internal control systems, including financial, operational, compliance and information technology controls and risks management policies and systems established by the Management on an annual basis. In addition, the external auditors will highlight any material control weaknesses within the Group discovered in the course of the statutory audit. Any material findings from both the internal and external auditors together with the improvement recommendations are reported to the AC. The AC will review the internal and external auditors' comments and findings, ensure that there are adequate internal controls within the Group and follow up on actions implemented.

As the environment in which the Group operates changes, risks and opportunities change. Under the enterprise-wide risk management framework ("ERM Framework") established by the Company, Management at all levels are expected to constantly review the business operations and the environment that the Group operates in order to identify areas and ensure mitigating measures are promptly developed to address these risks. As part of the framework, risk registers were established to document the key risks, risk appetite, risk tolerance, risk evaluation and mitigating controls. Management will regularly review the key risks, both existing and emerging new risks; determine the key owners for the risks identified; ensuring treatment measures for mitigating these risks are promptly and properly implemented; and ensuring policies and controls are complied with. Management reports to the AC on a quarterly basis. Mitigating actions and additional countermeasures in managing the key risks, as well as action plans to address the gaps are considered and documented.

For 2014, the Board and the AC had in addition received assurance from the CEO and the CFO that the Group's financial records had been properly maintained and the financial statements gave a true and fair view of the Company's operations and finances; and on the adequacy and effectiveness of the Company's risk management and internal control systems.

Based on the ERM Framework established, reviews carried out by the AC, the work performed by the internal and external auditors and assurance from the Management, the Board, with the concurrence of the AC, is of the opinion that the internal controls and risk management systems maintained by Management during the financial year and up to the date of this report are adequate in addressing financial, operational, compliance and information technology risks and to meet the current scope of the Group's business operations. The AC and the Board note that no system of internal controls is capable of providing absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Principle 12: Audit Committee

The Audit Committee ("AC") comprises the following:

Mr Ang Miah Khiang	(Chairman and Independent Director)
Mr Wong Meng Yeng	(Lead Independent Director)
Ms Han Sah Heok Vicky	(Independent Director)

The Board is of the view that the AC members are appropriately qualified, with at least two members having the requisite financial management expertise and experience.

The AC carried out their duties in accordance with the terms of reference which include the following:

(i) Review the scope and results of the external audit work, cost effectiveness of the audit, and the independence and objectivity of the external auditors;
(ii) Review the Group's quarterly and full year financial statements, the accounting principles adopted and the external auditor's report on the financial statements of the Group before submission to the Board for approval;
(iii) Review, with the internal auditors, the scope of the internal audit procedures and the results of the internal audit, monitoring the responses to their findings to ensure that appropriate follow-up measures are taken;
(iv) Review and report to the Board at least annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems, relying on reviews carried out by the internal auditors;
(v) Recommend to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors; and
(vi) Review interested person transactions in accordance with the requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The AC met five times during the year under review. Details of members and their attendance at meetings are provided on page 53. The auditors (if required), the CFO and Company Secretary are invited to these meetings.

The AC has the authority to investigate any activity it deems appropriate within its terms of reference and is authorised to obtain independent professional advice. It has full access to and cooperation of the Management and reasonable resources to enable it to discharge its duties properly. It reviews the assistance given by the Company's officers to the external and internal auditors. The AC has unrestricted access to the external and internal auditors. The AC meets with the Company's external and internal auditors without the presence of Management at least once a year to review any matter that might be raised privately. It also has full discretion to invite any director, member of Management or any other person to attend its meetings.

The AC has reviewed the non-audit services provided to the Group by the external auditors, Ernst & Young LLP for FY 2014, and is of the opinion that the provision of such non-audit services does not affect the independence and objectivity of the external auditors. Accordingly, the AC has recommended to the Board the nomination of Ernst & Young LLP for re-appointment as external auditors at the forthcoming AGM. The fees payable to the external auditors in respect of audit and non-audit services are set out in page 109 of this Annual Report.

The Company confirms that it has complied with Rules 712 and 715 of the Listing Manual issued by SGX-ST in relation to the external auditors.

The Company has a Code of Conduct and Gift Policy to regulate the ethical conduct of its employees. The Code of Conduct also extends to Directors of the Company and all consultants and agents engaged by the Group for the purpose of representing the Group in certain areas of works.

Whistle-blowing Policy

The Company has in place a Whistle-blowing Policy. The policy provides an independent feedback channel through which matters of concern about possible improprieties in matters of financial reporting and other matters may be raised by employees directly to any AC member in confidence and in good faith without fear of reprisals. The AC ensures that independent investigations and any appropriate follow up actions are carried out. Details of this policy have been disseminated and made available to all employees of the Group. To date, there were no reports received through the whistle blowing mechanism.

Principle 13: Internal Audit

The Group outsources its internal audit function to RSM Ethos Pte Ltd, a firm specialising in governance, risk and consulting. The AC is satisfied that the internal auditors have met the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

The internal auditors report directly to the AC. The AC reviews the internal audit reports and follow up actions and the effectiveness of the Group's internal audit function annually. The AC also reviews and approves the internal audit plan. The AC is of the view that the internal audit function is adequately resourced to perform its functions and has, to the best of its ability, maintained its independence from the activities that it audits.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated fairly and equitably and the rights of all investors, including non-controlling shareholders are protected.

Shareholders are informed of any changes in the Group's business that are likely to materially affect the value of the Company's shares.

The Group ensures that shareholders have the opportunity to participate effectively in and vote at general meetings. The link to SGX-ST's investor guides "An Investor's Guide to Preparing for Annual General Meetings" and "An Investor's Guide to Reading Annual Reports" has been included on the Company's website under "Investor Relations" with the aim of providing further assistance to shareholders in their investment activities.

The Company's Articles of Association currently do not allow investors who hold shares through nominees such as CPF and custodian banks to appoint more than two proxies to vote at general meetings.

Principle 15: Communication with Shareholders

The Company is committed to engaging its shareholders and the investing community and providing pertinent and accurate information about the Company in an effective, fair and timely manner. The Company has put in place an Investor Relations Policy that promotes this.

The Company does not practice selective disclosure. All material information including quarterly results announcements, are disclosed regularly and in a timely manner via SGXNet and the Company's website. The Chairman of the Board, Mr Lim Ho Seng spearheads the Investor Relations team which comprise the Executive Directors and KMPs. In addition, Management holds briefings with analysts to coincide with the release of the Group's half yearly and annual financial results to promote better appreciation of the Group's performance and developments. Management also takes an active role in communications with shareholders and the investing community, through face-to-face meetings and email communications to address their queries or concerns and to update them on the latest corporate developments.

The Company's website at www.bakertech.com.sg is the key resource of information to shareholders. Among other things, it contains corporate announcements, media releases, financial results, presentations and annual reports. Shareholders can contact the Company via the Company website (under Contact Us).

Further details on the Group's Investor Relations activities during the year can be found in the Investor Relations section of the Annual Report on page 32.

Dividend Policy

The Company does not have a formal policy on dividend distribution.

Principle 16: Conduct of Shareholder Meetings

The Board supports and encourages active shareholder participation at general meetings. The Company's Articles of Association allow all shareholders to appoint up to two proxies to attend and vote on his/her behalf and a proxy need not be a member of the Company. Voting in absentia by mail, email or fax has not been implemented due to concerns relating to issues of authentication of shareholder identity and other related security issues.

The Board ensures that separate resolutions are proposed for approval on each distinct issue at general meetings. At general meetings, shareholders are given the opportunity to express their views and ask questions regarding the Company and the Group. All Directors, in particular the Chairman of the Board and Chairpersons of Board Committees, and the external auditors are present and available to address shareholder's questions. Minutes of the AGM are prepared and available upon request, which includes substantive comments or queries from the shareholders and responses from the Board and Management.

For greater transparency and effective participation, the Company had since 2013 instituted poll voting and all resolutions are put to vote by poll at its AGM. An announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages is also made on the same day.

DEALINGS IN SECURITIES

The Group has adopted an internal guideline on dealings in the securities of the Company by the Directors, officers and employees of the Company and its subsidiaries. The Group issues quarterly reminders to Directors, officers and employees on the restrictions in dealings in shares of the Company during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year; and one month before the announcement of the Company's full year financial results, and ending on the date of the announcement of the relevant results. Directors and officers are also reminded not to trade in securities of the Company at any time while in possession of unpublished price sensitive information and to refrain from dealing in the Company's securities on short-term considerations. In addition, the Directors and Management are expected to observe the insider trading laws at all times when dealing in securities within permitted trading period.

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTIONS POLICY

All interested person transactions are subject to review by the AC.

For financial year 2014, there were no interested person transactions.

MATERIAL CONTRACTS

There were no material contracts of the Company and its subsidiaries involving the interests of the CEO, each Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

MAJOR PROPERTIES

The Group holds the following properties in Singapore:

Location	Description	Tenure of land	Area (sqm)	Open market valuation $'000
6 Pioneer Sector 1 Singapore 628418	A purpose-built shipyard complex with single-storey workshops, 3-storey office, stores, water frontage and open fabrication	Expiring on 31 December 2023	31,094	14,500
10 Jalan Samulun Singapore 629124	An existing custom-built premises with single-storey workshop, 3-storey office and water frontage	Expiring on 31 December 2025	10,430	3,000

FINANCIAL STATEMENTS

BAKER TECHNOLOGY LIMITED
ANNUAL REPORT **2014**

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Baker Technology Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2014.

Directors

The directors of the Company in office at the date of this report are:

Lim Ho Seng	(Chairman)
Dr Benety Chang	(Chief Executive Officer)
Jeanette Chang	
Tan Yang Guan	
Wong Meng Yeng	
Ang Miah Khiang	
Han Sah Heok Vicky	

In accordance with Article 104 of the Company's Articles of Association, Dr Benety Chang and Tan Yang Guan retire by rotation and, being eligible, offer themselves for re-election.

Pursuant to Section 153(6) of the Companies Act, Cap. 50, Lim Ho Seng retires and being eligible, offers himself for re-appointment.

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' REPORT

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and warrants of the Company as stated below :-

	Direct interest			Deemed interest		
Name of director	**At 1.1.2014**	**At 31.12.2014**	**At 21.1.2015**	**At 1.1.2014**	**At 31.12.2014**	**At 21.1.2015**
The Company						
Baker Technology Limited						
Ordinary shares						
Lim Ho Seng	1,134,000	1,134,000	1,134,000	–	–	–
Dr Benety Chang	345,516,348	385,239,348	386,221,348	68,399,183	68,399,183	68,399,183
Tan Yang Guan	20,642,770	20,642,770	20,642,770	–	–	–
Han Sah Heok Vicky	–	500,000	500,000	–	–	–
2012 Warrants						
Dr Benety Chang	82,206,539	42,483,539	41,501,539	27,359,673	27,359,673	27,359,673

Except as disclosed in this report, no director who held office at the end of the financial year had interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' REPORT

Options

The Company does not have any outstanding options as at 31 December 2014.

Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, including the following main functions:

1. reviewing the scope, changes, results and cost effectiveness of the external audit plan and process;
2. reviewing the Group's quarterly and full year results announcement, the accounting principles adopted and the external auditor's report on the financial statements of the Group before submitting such documents to the Board for approval;
3. reviewing, with the internal auditors, the scope of the internal audit procedures and the results of the internal audit, monitoring the responses to their findings to ensure that appropriate follow-up measures are taken;
4. reviewing the effectiveness of the Group's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
5. meets with the external and internal auditors and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
6. reviewing the independence and objectivity of the external auditors;
7. recommending the reappointment of the external auditor to the Board;
8. reviewing the assistance given by the Company's officers to the auditors;
9. reports discussions and actions of the AC to the Board of directors with such recommendations as the AC considers appropriate; and
10. reviewing the interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

DIRECTORS' REPORT

Audit Committee (cont'd)

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

The AC has held five meetings during the year. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Corporate Governance Report.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Lim Ho Seng
Chairman

Dr Benety Chang
Chief Executive Officer

Singapore
6 March 2015

STATEMENT BY DIRECTORS

We, Lim Ho Seng and Dr Benety Chang, being two of the directors of Baker Technology Limited, do hereby state that, in the opinion of the directors:

(a) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors:

Lim Ho Seng
Chairman

Dr Benety Chang
Chief Executive Officer

Singapore
6 March 2015

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2014

Report on the financial statements

We have audited the accompanying financial statements of Baker Technology Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 74 to 135, which comprise the balance sheets of the Group and the Company as at 31 December 2014, the statements of changes in equity of the Group and the Company, the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2014

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
6 March 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

		Group	
	Note	2014	2013
		$	$
Revenue	5	**86,271,696**	83,299,070
Cost of sales		**(63,565,348)**	(59,531,275)
Gross profit		**22,706,348**	23,767,795
Other items of income			
Other operating income	6	**4,642,250**	10,932,326
Other items of expenses			
Administrative expenses		**(11,022,713)**	(7,812,766)
Finance costs		**–**	(7,670)
Other operating expense	7	**–**	(304,660)
Share of losses of an associate		**–**	(495,000)
Profit before tax	8	**16,325,885**	26,080,025
Income tax expense	9	**(2,808,775)**	(3,707,194)
Profit for the year attributable to owners of the Company		**13,517,110**	22,372,831
Other comprehensive income, net of tax			
Net gain on fair value changes on available-for-sale financial assets		**91,256**	–
Total comprehensive income for the year attributable to owners of the Company		**13,608,366**	22,372,831
Earnings per share attributable to owners of the Company	10		
Basic (in cents)		**1.5**	2.7
Diluted (in cents)		**1.4**	2.4

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2014

		Group		Company	
	Note	2014	2013	2014	2013
		$	$	$	$
Non-current assets					
Property, plant and equipment	11	**9,304,515**	6,056,716	**11,112**	4,319,154
Intangible assets	12	**9,764,420**	7,551,331	**–**	–
Investment in subsidiaries	13	**–**	–	**26,000,001**	21,000,001
Investment securities	15	**8,287,849**	2,456,456	**8,287,849**	2,456,456
Deferred tax assets	16	**1,018,000**	876,000	**–**	–
		28,374,784	16,940,503	**34,298,962**	27,775,611
Current assets					
Gross amount due from customers for contract work-in-progress	17	**28,775,970**	14,547,420	**–**	–
Inventories	18	**2,511,999**	5,573,492	**–**	–
Trade and other receivables	19	**7,590,959**	13,191,710	**111,000**	93,080
Prepaid operating expenses		**109,752**	45,049	**14,981**	10,792
Amounts due from subsidiaries	20	**–**	–	**6,011,065**	5,478,265
Cash and short-term deposits	21	**168,685,403**	205,871,055	**136,570,272**	156,810,290
		207,674,083	239,228,726	**142,707,318**	162,392,427
Less : Current liabilities					
Gross amount due to customers for contract work-in-progress	17	**2,629,696**	820,675	**–**	–
Trade and other payables	22	**13,146,404**	11,738,469	**624,986**	1,372,274
Tax payable		**3,371,474**	3,767,092	**80,000**	3,729
		19,147,574	16,326,236	**704,986**	1,376,003
Net current assets		**188,526,509**	222,902,490	**142,002,332**	161,016,424
Net assets		**216,901,293**	239,842,993	**176,301,294**	188,792,035
Equity attributable to owners of the Company					
Share capital	23	**95,546,681**	86,850,625	**95,546,681**	86,850,625
Reserves		**121,354,612**	152,992,368	**80,754,613**	101,941,410
Total equity		**216,901,293**	239,842,993	**176,301,294**	188,792,035

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

Group	Share capital (Note 23)	Capital reserve (1)	Retained earnings	Fair value reserve	Total reserves	Total equity
	Attributable to owners of the Company					
	$	$	$	$	$	$
2014						
At 1 January 2014	**86,850,625**	**2,344,269**	**150,648,099**	**–**	**152,992,368**	**239,842,993**
Profit for the year	–	–	**13,517,110**	–	**13,517,110**	**13,517,110**
Other comprehensive income						
Net gain on fair value changes of available-for-sale financial assets	–	–	–	**91,256**	**91,256**	**91,256**
Total comprehensive income for the year	–	–	**13,517,110**	**91,256**	**13,608,366**	**13,608,366**
Contributions by and distributions to owners						
Issuance of new ordinary shares from conversion of warrants	**8,696,056**	–	–	–	–	**8,696,056**
Dividends on ordinary shares (Note 30)	–	–	**(45,246,122)**	–	**(45,246,122)**	**(45,246,122)**
Total contributions by and distribution to owners	**8,696,056**	–	**(45,246,122)**	–	**(45,246,122)**	**(36,550,066)**
At 31 December 2014	**95,546,681**	**2,344,269**	**118,919,087**	**91,256**	**121,354,612**	**216,901,293**
2013						
At 1 January 2013	50,316,870	2,344,269	215,481,754	–	217,826,023	268,142,893
Profit for the year, representing total comprehensive income for the year	–	–	22,372,831	–	22,372,831	22,372,831
Contributions by and distributions to owners						
Issuance of new ordinary shares from conversion of warrants	36,533,755	–	–	–	–	36,533,755
Dividends on ordinary shares (Note 30)	–	–	(87,206,486)	–	(87,206,486)	(87,206,486)
Total contributions by and distribution to owners	36,533,755	–	(87,206,486)	–	(87,206,486)	(50,672,731)
At 31 December 2013	86,850,625	2,344,269	150,648,099	–	152,992,368	239,842,993

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

Company	Share capital (Note 23)	Capital reserve [(1)]	Retained earnings	Fair value reserve	Total reserves	Total equity
	Attributable to owners of the Company					
	$	$	$	$	$	$
2014						
At 1 January 2014	**86,850,625**	**2,344,269**	**99,597,141**	**–**	**101,941,410**	**188,792,035**
Profit for the year	**–**	**–**	**23,968,069**	**–**	**23,968,069**	**23,968,069**
Other comprehensive income						
Net gain on fair value changes of available-for-sale financial assets	**–**	**–**	**–**	**91,256**	**91,256**	**91,256**
Total comprehensive income for the year	**–**	**–**	**23,968,069**	**91,256**	**24,059,325**	**24,059,325**
Contributions by and distributions to owners						
Issuance of new ordinary shares from conversion of warrants	**8,696,056**	**–**	**–**	**–**	**–**	**8,696,056**
Dividends on ordinary shares (Note 30)	**–**	**–**	**(45,246,122)**	**–**	**(45,246,122)**	**(45,246,122)**
Total contributions by and distribution to owners	**8,696,056**	**–**	**(45,246,122)**	**–**	**(45,246,122)**	**(36,550,066)**
At 31 December 2014	**95,546,681**	**2,344,269**	**78,319,088**	**91,256**	**80,754,613**	**176,301,294**
2013						
At 1 January 2013	50,316,870	2,344,269	166,908,919	–	169,253,188	219,570,058
Profit for the year, representing total comprehensive income for the year	–	–	19,894,708	–	19,894,708	19,894,708
Contributions by and distributions to owners						
Issuance of new ordinary shares from conversion of warrants	36,533,755	–	–	–	–	36,533,755
Dividends on ordinary shares (Note 30)	–	–	(87,206,486)	–	(87,206,486)	(87,206,486)
Total contributions by and distribution to owners	36,533,755	–	(87,206,486)	–	(87,206,486)	(50,672,731)
At 31 December 2013	86,850,625	2,344,269	99,597,141	–	101,941,410	188,792,035

(1) Capital reserve arose from restructuring exercise in prior years.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2014

	2014	2013
	$	$
Cash flows from operating activities		
Profit before tax	**16,325,885**	26,080,025
Adjustments for :		
Depreciation of property, plant and equipment	**2,303,152**	1,236,830
Loss on disposal of property, plant and equipment	–	51,660
Inventories written down	**1,950,000**	–
Gain on disposal of investment in an associate	–	(8,757,440)
Interest income	**(896,329)**	(486,718)
Interest expense	–	7,670
Provision for warranty	**189,000**	2,044,000
Share of losses of an associate	–	495,000
Unrealised foreign exchange gain	**(2,543,633)**	(763,260)
Operating cash flows before working capital changes	**17,328,075**	19,907,767
Decrease in inventories	**1,111,493**	13,588,685
(Increase)/decrease in gross amount due from customers for contract work-in-progress	**(14,228,550)**	11,297,488
Increase/(decrease) in gross amount due to customers for contract work-in-progress	**1,809,021**	(1,024,120)
Decrease in trade and other receivables	**5,772,817**	6,586,702
Increase in prepaid operating expenses	**(64,703)**	(518)
Decrease in pledged deposits	–	11,067,427
Decrease in trade and other payables	**(136,882)**	(5,064,076)
Cash flows from operations	**11,591,271**	56,359,355
Interest paid	–	(7,670)
Interest received	**785,329**	486,718
Income tax paid	**(3,346,393)**	(4,497,560)
Net cash flows from operating activities	**9,030,207**	52,340,843

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2014

	2014	2013
	$	$
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**–**	3,000
Purchase of property, plant and equipment	**(5,550,951)**	(4,526,282)
Purchase of intangible asset	**(834,113)**	–
Net proceeds from disposal of investment in an associate	**–**	40,523,942
Maturity/(placement) of short-term deposits	**4,000,000**	(4,000,000)
Purchase of investment in an associate	**–**	(241,879)
Purchase of investment securities	**(5,740,137)**	(2,456,456)
Net cash flows (used in)/from investing activities	**(8,125,201)**	29,302,325
Cash flows from financing activities		
Net proceeds from conversion of warrants	**8,696,056**	36,533,755
Dividends paid on ordinary shares	**(45,246,122)**	(87,206,486)
Repayment of loans and borrowings	**–**	(3,678,049)
Net cash flows used in financing activities	**(36,550,066)**	(54,350,780)
Net (decrease)/increase in cash and cash equivalents	**(35,645,060)**	27,292,388
Effect of exchange rate changes on cash and cash equivalents	**2,459,408**	677,105
Cash and cash equivalents at beginning of financial year	**201,871,055**	173,901,562
Cash and cash equivalents at end of financial year (Note 21)	**168,685,403**	201,871,055

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

1. Corporate information

Baker Technology Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is at 10 Jalan Samulun, Singapore 629124.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Notes 13 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $).

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on or after 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.2 ***Standards issued but not yet effective***

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description		*Effective for annual periods beginning on or after*
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*		1 July 2014
Improvements to FRSs (January 2014)		
(a)	Amendments to FRS 102 *Share Based Payment*	1 July 2014
(b)	Amendments to FRS 103 *Business Combinations*	1 July 2014
(c)	Amendments to FRS 108 *Operating Segments*	1 July 2014
(d)	Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
(e)	Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets*	1 July 2014
(f)	Amendments to FRS 24 *Related Party Disclosures*	1 July 2014
Improvements to FRSs (February 2014)		
(a)	Amendments to FRS 103 *Business Combinations*	1 July 2014
(b)	Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
FRS 115 *Revenue from Contracts with Customers* (November 2014)		1 January 2017
FRS 109 *Financial Instruments* (December 2014)		1 January 2018

With the exception of FRS 115, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.3 *Basis of consolidation and business combination*

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;

– De-recognises the carrying amount of any non-controlling interest;

– De-recognises the cumulative translation differences recorded in equity;

– Recognises the fair value of the consideration received;

– Recognises the fair value of any investment retained;

– Recognises any surplus or deficit in profit or loss;

– Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.3 ***Basis of consolidation and business combination (cont'd)***

(b) ***Business combinations and goodwill (cont'd)***

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the events of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually or whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.3 ***Basis of consolidation and business combination (cont'd)***

(b) ***Business combinations and goodwill (cont'd)***

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.4 ***Foreign currency***

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) ***Transactions and balances***

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) ***Consolidated financial statements***

For consolidation purposes, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences is re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.5 ***Subsidiaries***

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2.6 ***Associates***

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.6 *Associates (cont'd)*

Upon loss of significant influence over the associate, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

If the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and building are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows :

Leasehold land and buildings	-	over remaining terms of lease
Leasehold improvements	-	5 to 7 years
Furniture and fittings	-	5 years
Office equipment	-	3 to 5 years
Motor vehicles	-	4 to 5 years
Plant and equipment	-	3 to 10 years

Assets under construction are not depreciated as these assets are not yet available for use.

Fully depreciated assets still in use are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.7 ***Property, plant and equipment (cont'd)***

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economics benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 ***Intangible asset***

Vessel design

Vessel design is treated as intangible asset and initially capitalised at cost which includes the purchase price. Vessel design is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the estimated number of units to be sold in the next 5 - 8 years.

2.9 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.10 ***Financial instruments***

(a) ***Financial assets***

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair values recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.10 ***Financial instruments (cont'd)***

(a) ***Financial assets (cont'd)***

Subsequent measurement (cont'd)

(ii) ***Loans and receivables***

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) ***Available-for-sale financial assets***

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.10 ***Financial instruments (cont'd)***

(a) ***Financial assets (cont'd)***

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) ***Financial liabilities at fair value through profit or loss***

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.10 ***Financial instruments (cont'd)***

(b) ***Financial liabilities (cont'd)***

Subsequent measurement (cont'd)

(ii) ***Financial liabilities at amortised cost***

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.11 ***Impairment of financial assets***

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) ***Financial assets carried at amortised cost***

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.11 ***Impairment of financial assets (cont'd)***

(a) ***Financial assets carried at amortised cost (cont'd)***

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

(b) ***Financial assets carried at cost***

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) ***Available-for-sale financial assets***

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.11 ***Impairment of financial assets (cont'd)***

(c) ***Available-for-sale financial assets (cont'd)***

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in the profit or loss; increase in fair value after their impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.12 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.13 ***Inventories***

Inventories, which are made up of mainly materials, components and spares, are valued at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

– Raw materials: purchase costs on a weighted average method.

– Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average method.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.14 ***Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.15 ***Provisions***

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provision

Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related cost is revised annually.

2.16 ***Financial guarantee***

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.17 ***Employee benefits***

(a) ***Defined contribution plan***

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to a defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

(b) ***Employee leave entitlement***

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.18 ***Leases***

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

As lessee

Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.19 *Construction contracts and revenue*

(a) *Construction contracts*

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date to the estimated costs to complete.

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they can be reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

Contracts in progress at the balance sheet date are recorded in the balance sheet at cost plus attributable profit less recognised losses, net of progress billings and allowance for foreseeable losses, and are presented in the balance sheet as "Gross amount due from customers for contract work-in-progress" (as an asset) or as "Gross amount due to customers for contract work-in-progress (as liabiitiy) as applicable.

Progress billings not yet paid by the customer are included in the balance sheet under "Trade receivables". Amounts received before progress billings are included in the balance sheet, as "Trade and other payables".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.19 ***Construction contracts and revenue (cont'd)***

(b) ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(i) ***Sales of goods***

Revenue from sales of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers, usually on delivery of goods.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) ***Rendering of services***

Revenue from rendering of services is recognised by reference to the stage of completion at the end of the reporting period. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(iii) ***Interest income***

Interest income is recognised using the effective interest method.

(iv) ***Dividend income***

Dividend income is recognised when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.20 ***Taxes***

(a) ***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in the profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.20 ***Taxes (cont'd)***

(b) ***Deferred tax (cont'd)***

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) ***Sales tax***

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.21 ***Segment reporting***

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 4, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.22 ***Share capital and share issue expenses***

Proceeds from issuance of ordinary shares and warrants are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares and warrants are deducted against share capital.

2.23 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

2. Summary of significant accounting policies (cont'd)

2.24 ***Related parties***

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies :

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

3. Significant accounting judgments and estimates

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgments made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgment is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Income taxes

Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payables and deferred tax assets as at 31 December 2014 was $3,371,474 and $1,018,000 (2013: $3,767,092 and $876,000), respectively. The gain on disposal of an associate (see Note 14) is capital in nature and not taxable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

3. Significant accounting judgments and estimates (cont'd)

3.2 ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) ***Impairment of non-financial assets***

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

As disclosed in Note 12 to the financial statements, the recoverable amount of the cash generating unit is determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis are disclosed and further explained in Note 12 to the financial statements.

The carrying amount of goodwill as at 31 December 2014 is $7,551,331 (2013: $7,551,331).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

3. Significant accounting judgments and estimates (cont'd)

3.2 ***Key sources of estimation uncertainty (cont'd)***

(b) ***Impairment of loans and receivables***

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment.

In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the end of the reporting period is disclosed in Note 19 to the financial statements.

(c) ***Contract revenue***

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers. For project in progress, allowance for foreseeable losses is made when the contract revenue has fallen below contract cost. The carrying amounts of assets and liabilities arising from construction contracts at the balance sheet date are disclosed in Note 17 to the financial statements.

If the estimated total contract cost of the major ongoing projects had been 5% higher than management's estimates, the carrying amounts of the assets and liabilities arising from construction contracts would have been $3,078,000 (2013: $793,000) lower and $614,000 (2013: $Nil) higher, respectively.

(d) ***Provision***

The provision for warranty is based on estimates from known and expected warranty work and contractual obligation after project completion. The warranty expense incurred could be higher or lower than the provision made. The provision for warranty amounts are detailed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

4. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(i) The marine offshore segment is essentially the Group's principal business activity. This segment consists of Sea Deep Shipyard Pte. Ltd., Baker Engineering Pte. Ltd. and their respective subsidiaries. Collectively, they are the manufacturers and providers of specialised marine offshore equipment and services for the oil and gas industry.

(ii) The investments segment relates to the Group's investments in associates and other investments, including the corresponding gains on disposals of investments.

(iii) The corporate segment is involved in Group-level corporate services and treasury functions.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the following table, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments, if any, are on arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

4. Segment information (cont'd)

	Marine offshore		Investments		Corporate		Adjustments and elimination		Per consolidated financial statements	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	$	$	$	$	$	$	$	$	$	$
Revenue – external customers	**86,271,696**	83,299,070	**–**	–	**–**	–	**–**	–	**86,271,696**	83,299,070
Results:										
EBITDA *	**19,811,710**	21,474,576	**(615,284)**	(21,108)	**(751,966)**	(2,278,101)	**(803,960)**	(600,000)	**17,640,500**	18,575,367
Depreciation and amortisation	**(2,204,259)**	(1,228,873)	**(955)**	–	**(5,730)**	(7,957)	**–**	–	**(2,210,944)**	(1,236,830)
Interest expense	**–**	(7,670)	**–**	–	**–**	–	**–**	–	**–**	(7,670)
Interest income	**74,788**	57,392	**350,046**	–	**471,495**	429,326	**–**	–	**896,329**	486,718
Gain on disposal of an associate	**–**	–	**–**	8,757,440	**–**	–	**–**	–	**–**	8,757,440
Segment profit / (loss)	**17,682,239**	20,295,425	**(266,193)**	8,736,332	**(286,201)**	(1,856,732)	**(803,960)**	(600,000)	**16,325,885**	26,575,025
Segment assets	**90,569,014**	92,479,457	**8,796,448**	2,456,456	**136,707,365**	161,233,316	**(23,960)**	–	**236,048,867**	256,169,229
Segment liabilities	**18,322,911**	14,944,411	**119,677**	5,821	**704,986**	1,376,004	**–**	–	**19,147,574**	16,326,236
Other segment information:										
Purchase of investment securities	**–**	–	**5,740,137**	2,456,456	**–**	–	**–**	–	**5,740,137**	2,456,456
Additions to non-current assets	**4,743,282**	208,387	**2,866**	–	**804,803**	4,317,896	**–**	–	**5,550,951**	4,526,283

* Earnings before interest, taxation, depreciation and amortisation

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

4. Segment information (cont'd)

The following item is added to/(deducted from) segment profit to arrive at "profit before tax" presented in the consolidated statement of comprehensive income:

	2014	2013
	$	$
Share of results of an associate	**–**	(495,000)

Geographical information

Revenue information based on the geographical location of customers is as follows:

	Revenue	
	2014	**2013**
	$	$
China	**57,687,000**	51,594,259
Singapore	**17,698,727**	21,270,803
Middle East	**5,036,527**	1,534,332
Asia Pacific (excluding China and Singapore)	**5,642,624**	8,818,981
Others	**206,818**	80,695
	86,271,696	83,299,070

Except for the Group's available-for-sale investment of $589,355 (2013: $339,012) at 31 December 2014 which is located in Europe, all the assets and capital expenditure of the Group are located in Singapore.

<u>Information about a major customer</u>

Revenue from one major customer amounted to approximately $36,402,000 (2013: $31,995,000), arising from the provision of specialised marine offshore equipment and services.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

5. Revenue

Revenue mainly consists of contract revenue from the manufacturing and provision of specialised marine offshore equipment and services for the oil and gas industry.

6. Other operating income

	Group	
	2014	**2013**
	$	$
Rental income	–	49,000
Interest income from short term deposits	**896,329**	486,718
Gain on disposal of an associate (Note 14)	–	8,757,440
Foreign exchange gain	**3,647,419**	1,634,168
Other income	**98,502**	5,000
	4,642,250	10,932,326

7. Other operating expense

The following items have been included in arriving at other operating expenses:

	Group	
	2014	**2013**
	$	$
Loss on disposal of property, plant and equipment	–	51,660

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

8. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2014	**2013**
	$	$
Depreciation of property, plant and equipment	**2,210,944**	1,236,830
Consultancy service fee paid / payable to directors	**159,715**	177,735
Finance costs on loans and borrowings	**–**	7,670
Operating lease expenses	**1,448,118**	968,276
Inventories written down	**1,950,000**	–
Employee benefits expense (including executive directors):		
- Contributions to defined contribution plans	**795,508**	603,970
- Salaries, wages, bonuses and other costs	**9,473,033**	6,969,384
Audit fees paid to auditors of the Company	**173,900**	174,000
Non-audit fees paid to:		
- Auditors of the Company	**17,500**	33,950
- Other auditors	**88,112**	82,739
Legal and other professional fees	**328,812**	35,528

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

9. Income tax expense

(a) *Major components of income tax expense*

The major components of income tax expense for the years ended 31 December are:-

	Group	
	2014	**2013**
	$	$
Statement of comprehensive income:		
Current income tax:		
- Current income taxation	**2,935,000**	3,720,000
- Underprovision in respect of prior years	**15,775**	471,194
	2,950,775	4,191,194
Deferred income tax:		
- Origination and reversal of temporary difference (Note 16)	**(142,000)**	(484,000)
Income tax expense recognised in the statement of comprehensive income	**2,808,775**	3,707,194

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

9. Income tax expense (cont'd)

(b) *Relationship between tax expense and accounting profit*

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December are as follows:-

	Group	
	2014	**2013**
	$	$
Accounting profit before tax	**16,325,885**	26,080,025
Income tax expense at the applicable tax rate of 17% (2013: 17%)	**2,775,401**	4,433,604
Adjustments for tax effect of:		
Unrecognised deferred tax assets	**33,055**	–
Income not subject to taxation	**(143,194)**	(1,507,142)
Tax incentive	**(115,250)**	–
Non-deductible expenses	**381,110**	378,474
Underprovision in respect of prior years	**15,775**	471,194
Tax exemption	**(77,775)**	(75,578)
Others, net	**(60,347)**	6,642
Income tax expense recognised in profit or loss	**2,808,775**	3,707,194

The gain on disposal of an associate is capital in nature and not taxable.

A loss-transfer system of group relief (the "Group Relief System") for companies was introduced in Singapore with effect from year of assessment 2003. Under the Group Relief System, a company belonging to a group of entities may transfer its current year's unabsorbed capital allowances, unabsorbed trade losses and unabsorbed donations (loss items) to another company belonging to the same group, to be deducted against the latter's assessable income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

10. Earnings per share

Basic earnings per share are calculated by dividing profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	2014	**2013**
	$	$
Profit for the financial year attributable to owners of the Company used in the computation of basic and diluted earnings per ordinary share	**13,517,110**	22,372,831
Weighted average number of ordinary shares for basic earnings per share computation	**898,759,610**	832,125,414
Dilutive effect of warrants	**56,895,224**	101,621,195
Weighted average number of ordinary shares for diluted earnings per share computation	**955,654,834**	933,746,609

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

11. Property, plant and equipment

Group	Leasehold lands and buildings	Leasehold improvements	Assets under construction	Furniture and fittings	Office equipment	Motor vehicles	Plant and equipment	Total
	$	$	$	$	$	$	$	$
Cost:								
At 1 January 2013	7,165,966	3,010,831	54,266	31,732	336,238	116,032	5,121,251	15,836,316
Additions	–	126,808	4,312,994	–	49,933	–	36,548	4,526,283
Disposal / write off	–	–	(54,266)	–	(10,053)	–	(12,760)	(77,079)
Reclassification	–	–	–	748	(748)	–	–	–
At 31 December 2013 and 1 January 2014	7,165,966	3,137,639	4,312,994	32,480	375,370	116,032	5,145,039	20,285,520
Additions	–	32,357	1,291,309	84,628	305,672	196,446	3,640,539	5,550,951
Reclassification	3,090,920	1,711,864	(5,107,115)	230,531	73,800	–	–	–
At 31 December 2014	**10,256,886**	**4,881,860**	**497,188**	**347,639**	**754,842**	**312,478**	**8,785,578**	**25,836,471**
Accumulated depreciation:								
At 1 January 2013	6,295,560	1,918,483	–	23,584	291,868	61,409	4,423,488	13,014,392
Depreciation charge for the year	355,428	523,177	–	2,987	29,120	16,556	309,562	1,236,830
Disposal	–	–	–	–	(9,658)	–	(12,760)	(22,418)
At 31 December 2013 and 1 January 2014	6,650,988	2,441,660	–	26,571	311,330	77,965	4,720,290	14,228,804
Depreciation charge for the year	573,097	807,517	–	51,842	89,100	38,346	743,250	2,303,152
At 31 December 2014	**7,224,085**	**3,249,177**	**–**	**78,413**	**400,430**	**116,311**	**5,463,540**	**16,531,956**
Net carrying amount :								
At 31 December 2013	514,978	695,979	4,312,994	5,909	64,040	38,067	424,749	6,056,716
At 31 December 2014	**3,032,801**	**1,632,683**	**497,188**	**269,226**	**354,412**	**196,167**	**3,322,038**	**9,304,515**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

11. Property, plant and equipment (cont'd)

(a) The Group's leasehold lands and buildings are located at 6 Pioneer Sector 1, Singapore 628418 and 10 Jalan Samulun, Singapore 629124.

(b) Depreciation charge of $1,424,979 (2013: $931,638) and $92,208 (2013: Nil) have been included in the Group's cost of goods sold and work-in-progress, respectively.

	Assets under construction	Office equipment	Total
	$	$	$
Company			
Cost :			
At 1 January 2013	–	49,292	49,292
Additions	4,312,994	4,902	4,317,896
Disposal	–	(10,053)	(10,053)
At 31 December 2013 and 1 January 2014	4,312,994	44,141	4,357,135
Additions	794,121	10,682	804,803
Transfer to a subsidiary	(5,107,115)	–	(5,107,115)
At 31 December 2014	**–**	**54,823**	**54,823**
Accumulated depreciation :			
At 1 January 2013	–	39,682	39,682
Depreciation charge for the year	–	7,957	7,957
Disposal	–	(9,658)	(9,658)
At 31 December 2013 and 1 January 2014	–	37,981	37,981
Depreciation charge for the year	–	5,730	5,730
At 31 December 2014	**–**	**43,711**	**43,711**
Net carrying amount :			
At 31 December 2013	4,312,994	6,160	4,319,154
At 31 December 2014	**–**	**11,112**	**11,112**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

12. Intangible assets

	Goodwill	Vessel design	Total
	$	$	$
Group			
Cost :			
At 1 January 2013, 31 December 2013 and 1 January 2014	7,551,331	–	7,551,331
Addition during the year	–	2,213,089	2,213,089
At 31 December 2014	**7,551,331**	**2,213,089**	**9,764,420**
Accumulated impairment :			
At 1 January 2013, 31 December 2013 and 1 January 2014	–	–	–
Net carrying amount :			
31 December 2013	7,551,331	–	7,551,331
31 December 2014	**7,551,331**	**2,213,089**	**9,764,420**

Impairment testing of goodwill

The goodwill was derived from the acquisition of Sea Deep Shipyard Pte. Ltd., the cash generating unit (CGU).

	Group	
	2014	**2013**
	$	$
Sea Deep Shipyard Pte. Ltd.	**7,551,331**	7,551,331

The recoverable amount of the CGU has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. Management have considered and determined the factors applied in these financial budgets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

12. Intangible assets (cont'd)

Impairment testing of goodwill (cont'd)

A pre-tax discount rate of 10% (2013: 10%) per annum, which is commonly adopted within the industry, was applied to the cash flow projections. In addition, management has also adopted a forecasted growth rate of 3% (2013: 3%) per annum for 5 years cash flow projections. The bulk of the Group's profit relates to the operations of the Sea Deep Group. Given this information, the recoverable amount is not sensitive to other assumptions.

No impairment loss was required for the carrying amount of goodwill assessed as at 31 December 2014 and 2013 as the recoverable amount of the CGU was in excess of the carrying value.

Vessel Design

In December 2014, the Group acquired the vessel design. This acquired intangible asset is identifiable and controlled by the Group. The Group obtains future economic benefits related to the asset, and the cost of the intangible asset can be measured reliably. The total purchase cost is $2,213,089, of which $1,378,976 is recorded as Other payables (Note 22). This is amortised using the straight-line method over the estimated number of units to be sold in the next 5 - 8 years. Amortisation expense is immaterial in the current year as the vessel design was acquired towards the end of December 2014.

13. Investment in subsidiaries

	Company	
	2014	**2013**
	$	$
Shares, at cost	**26,000,001**	21,000,001

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

13. Investment in subsidiaries (cont'd)

The subsidiaries for the financial year ended 31 December are:-

Subsidiaries (Country of incorporation)	Cost of investment 2014 $	Cost of investment 2013 $	Percentage of equity held by the Group 2014 %	Percentage of equity held by the Group 2013 %	Principal activities (Place of business)
[1] Sea Deep Shipyard Pte. Ltd. (Singapore)	**20,000,000**	20,000,000	**100**	100	Manufacturer and provider of specialised marine offshore equipment and services for the oil and gas industry (Singapore)
[1] Baker Engineering Pte. Ltd. (Singapore) - incorporated on 22 May 2013	**6,000,000**	1,000,000	**100**	100	Design and fabrication of offshore and marine equipment (Singapore)
[1] BT Investment Pte. Ltd. (Singapore) - incorporated on 19 September 2013	**1**	1	**100**	100	Investment holding (Singapore)
	26,000,001	21,000,001			
The subsidiary of Sea Deep Shipyard Pte. Ltd. is :-					
[1] Interseas Shipping (Private) Limited (Singapore)	**200,000**	200,000	**100**	100	Manufacturer and provider of specialised marine offshore equipment and services for the oil and gas industry (Singapore)
The subsidiary of Baker Engineering Pte. Ltd. is :-					
[1] BEL Design Pte. Ltd. (Singapore) - incorporated on 24 February 2014	**1**	–	**100**	–	Design and engineering of offshore and marine vessels and equipment(Singapore)

[1] Audited by Ernst & Young LLP, Singapore

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

14. Disposal of an associate - Discovery Offshore S.A.

Discovery Offshore S.A. ("DO") is a Luxembourg-based public limited liability company incorporated on 12 January 2011 for the purpose of owning new ultra high specification jackup drilling rigs. DO's main assets are two Keppel FELS Super A class high specification harsh environment jackup rigs.

The Company's interest in DO was 20.29% prior to the disposal.

In June 2013, DO's other major shareholder, Hercules Offshore, Inc. ("Hercules") announced that it had acquired additional shares in DO and triggered an obligation to make a mandatory offer for all the remaining outstanding shares in DO at an offer price of NOK 15.00.

Having considered the change in DO's shareholding structure following Hercules' share purchase, the potential for Hercules to acquire further shares in DO in view of the mandatory offer and the Group's capital gains from the disposal, the Company disposed of its entire stake in DO in June 2013.

The gain on disposal for the Group was $8,757,440.

In 2013, the share of losses from DO of $495,000 has been recognised in the consolidated statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

15. Investment securities

	Group and Company	
	2014	2013
	$	$
Non-current:		
Available-for-sale financial assets		
- Corporate bonds (quoted) at fair value	**7,698,494**	2,117,444
- Equity securities (unquoted)	**589,355**	339,012
	8,287,849	2,456,456

The Group and Company's investment in quoted corporate bonds are denominated in SGD and USD. They bear interest at between 2.500% to 4.625% p.a. and with maturities ranging from January 2016 to October 2021.

The Group and Company's unquoted equity securities relates to a minority stake in an investment fund company, which was incorporated in Luxembourg. Fair value information has not been disclosed because fair value cannot be measured reliably. These equity instruments are not quoted on any market and does not have any comparable industry peer that is listed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

16. Deferred tax

Deferred tax as at 31 December relates to the following :

	Group			
	Balance sheet		Statement of comprehensive income	
	2014	**2013**	**2014**	**2013**
	$	$	**$**	$
Deferred tax assets:				
Provisions	**825,860**	724,030	**(101,830)**	(347,580)
Differences in depreciation for tax purposes	**205,000**	168,000	**(37,000)**	(133,900)
Deferred tax liability:				
Differences in depreciation for tax purposes	**(12,860)**	(16,030)	**(3,170)**	(2,520)
	1,018,000	876,000	**(142,000)**	(484,000)

<u>Tax consequence of proposed dividends</u>

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 30).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

17. Gross amount due from / (to) customers for contract work-in-progress

	Group	
	2014	**2013**
	$	$
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date *	**30,065,230**	17,055,035
Less: Progress billings and advances	**(3,918,956)**	(3,328,290)
	26,146,274	13,726,745
Presented as:		
Gross amount due from customers for contract work-in-progress	**28,775,970**	14,547,420
Gross amount due to customers for contract work-in-progress	**(2,629,696)**	(820,675)
	26,146,274	13,726,745
*Included in cost incurred is an amount of:		
Unused inventories on site	**15,250,000**	15,850,000
Advances received included in gross amount due to customers for contract work	**387,999**	152,947
Retention sums on construction contract included in trade receivables	**671,681**	2,813,783

18. Inventories

	Group	
	2014	**2013**
	$	$
Balance sheet:		
Materials, components and spares	**2,511,999**	5,573,492

The cost of the goods sold reported in the statement of comprehensive income substantially relates to Inventory and Work-in-Progress recognised as an expense for the year including inventories written down amounting to $1,950,000 (2013: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

19. Trade and other receivables

	Group		Company	
	2014	2013	**2014**	2013
	$	$	**$**	$
Trade receivables	**5,848,106**	12,292,299	**–**	–
Deposits	**364,660**	477,780	**–**	7,000
Downpayment for capital expenditure	**800,577**	–	**–**	–
Tax recoverable	**463,611**	343,558	**–**	86,080
Sundry receivables	**3,005**	78,073	**–**	–
Interest receivables	**111,000**	–	**111,000**	–
Total trade and other receivables	**7,590,959**	13,191,710	**111,000**	93,080
Trade and other receivables (excluding tax recoverable and downpayment for capital expenditure)	**6,326,771**	12,848,152	**111,000**	7,000
Amount due from subsidiaries (Note 20)	**–**	–	**6,011,065**	5,478,265
Cash and short-term deposits (Note 21)	**168,685,403**	205,871,055	**136,570,272**	156,810,290
Total loans and receivables	**175,012,174**	218,719,207	**142,692,337**	162,295,555

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

The Group's trade receivables denominated in foreign currencies at 31 December are as follows:

	Group	
	2014	2013
	$	$
United States dollar	**5,806,612**	9,478,516
Euro	**–**	2,813,783

At the end of the reporting period, trade receivable amounting to $1,673,266 (2013: $Nil) was arranged to be settled via letter of credits issued by a reputable bank in the country where the customer was based.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

19. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $1,924,905 (2013: $8,427,966) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows :

	Group	
	2014	**2013**
	$	$
Trade receivables past due but not impaired :		
Lesser than 30 days	**130,967**	1,524,058
30 to 60 days	**363,385**	3,914,476
61 to 90 days	**126,022**	2,813,783
More than 90 days	**1,304,531**	175,649
	1,924,905	8,427,966

Of the trade receivables of $1,304,531 (2013: $175,649) which was past due for more than 90 days, $671,681 (2013: $Nil) relates to retention sums on construction contracts.

20. Amounts due from subsidiaries

	Company	
	2014	**2013**
	$	$
Dividend receivable	**–**	5,000,000
Non-trade receivables	**6,011,065**	478,265
	6,011,065	5,478,265

The amounts due from subsidiaries are non-trade, unsecured, non-interest bearing and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

21. Cash and short-term deposits

	Group		Company	
	2014	2013	**2014**	2013
	$	$	**$**	$
Cash at banks and in hand	**118,554,329**	154,686,561	**86,439,198**	105,625,796
Short-term deposits	**50,131,074**	51,184,494	**50,131,074**	51,184,494
	168,685,403	205,871,055	**136,570,272**	156,810,290

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one week to three months depending on the immediate cash requirements of the Group and Company, and earn interests at the respective short-term deposit rates ranging from 0.22% to 1.00% (2013: from 0.01% to 0.85%) per annum.

Cash and short-term deposits denominated in foreign currencies at 31 December are as follows:-

	Group		Company	
	2014	2013	**2014**	2013
	$	$	**$**	$
United States dollar	**63,562,773**	58,615,645	**40,396,781**	37,640,863
Euro	**1,994,323**	8,880,291	**445,347**	504,298

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2014	2013
	$	$
Cash and short-term deposits	**168,685,403**	205,871,055
Less: Deposits with more than three months maturity	**–**	(4,000,000)
Cash and cash equivalents	**168,685,403**	201,871,055

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

22. Trade and other payables

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$	$	**$**	$
Trade payables	**3,299,447**	3,455,244	**–**	–
Other payables	**9,846,957**	8,283,225	**624,986**	1,372,274
Total trade and other payables	**13,146,404**	11,738,469	**624,986**	1,372,274
Trade and other payables (excluding provision for warranty)	**8,288,266**	7,479,469	**624,986**	1,372,274
Total financial liabilities carried at amortised cost	**8,288,266**	7,479,469	**624,986**	1,372,274

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

The Group's other payables includes a provision for warranty of approximately $4,858,000 (2013: $4,259,000). During the financial year, the Group provided an additional amount of approximately $189,000 (2013: $2,044,000). In line with the Group's policy as discussed in Note 2.15, the additional provision in 2014 and in 2013 for warranty were resulted from the annual revision.

Trade payables denominated in foreign currencies at 31 December are as follows :-

	Group	
	2014	**2013**
	$	$
United States dollar	**279,374**	780,195
Euro	**826,281**	67,721

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

23. Share capital

	Group and Company			
	2014		2013	
	No. of shares	$	No. of shares	$
Issued and fully paid :				
At 1 January	**872,140,844**	**86,850,625**	736,806,714	50,316,870
Issuance of new ordinary shares from conversion of warrants	**50,929,600**	**8,696,056**	135,334,130	36,533,755
At 31 December	**923,070,444**	**95,546,681**	872,140,844	86,850,625

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

As at 31 December, the Company has the following outstanding warrants:

			No. of warrants	
	Expiry date	Exercise price	2014	2013
2012 Warrants	5 June 2015	$0.145	**93,777,222**	144,706,822

In June 2012, the Company completed its renounceable non-underwritten rights issue of 280,117,952 warrants at an issue price of $0.01 for each warrant ("2012 Warrants"). Each warrant carries the rights to subscribe for 1 new ordinary share in the capital of the Company at an exercise price of $0.270 for each new share. The warrants were issued on the basis of 2 warrants for every 5 existing ordinary shares in the capital of the Company held by entitled shareholders as at book closure date.

At the Company's AGM held on 25 April 2013, the shareholders approved a first and final tax exempt (one-tier) dividend of $0.015 per ordinary share and a special tax exempt (one-tier) dividend of $0.085 per ordinary share for the year ended 31 December 2012. As the special dividend was distributed out of reserves which were attributable to profits or gains arising from the disposal of investments by the Company, the exercise price of the 2012 Warrants of $0.270 per share was adjusted to $0.185 per share on 13 May 2013, so as to reflect the lower intrinsic value of the Company's share after the special dividend.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

23. Share capital (cont'd)

At the Company's AGM held on 25 April 2014, the shareholders approved a first and final tax exempt (one-tier) dividend of $0.010 per ordinary share and a special tax exempt (one-tier) dividend of $0.040 per ordinary share for the year ended 31 December 2013. As the special dividend was distributed out of reserves which were attributable to profits or gains arising from the disposal of investments by the Company, the exercise price of the 2012 Warrants of $0.185 per share was adjusted to $0.145 per share on 12 May 2014, so as to reflect the lower intrinsic value of the Company's share after the special dividend.

During the year, 32,781,600 warrants and 18,148,000 warrants were exercised at $0.185 and $0.145 each respectively to subscribe for a total of 50,929,600 shares in the Company.

24. Commitments

(a) ***Capital commitments***

Capital expenditure contracted for as at the end of the reporting period in respect of property, plant and equipment and unquoted equity securities contracted for but not recognised in the financial statements was $4,130,000 and $1,037,000 (2013: $9,600,000 and $1,397,000) respectively.

(b) ***Operating lease commitment – as lessee***

The Group leases its properties and certain equipment under lease agreements that are non-cancellable within a year and contain provisions for rental adjustments. These leases have an average tenure of between five to twelve years with no contingent rent provision included in the contracts. There are restrictions placed on subleasing the leased equipment and properties to third party.

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2014	**2013**
	$	$
Not later than one year	**927,517**	896,381
Later than one year but no later than five years	**3,672,550**	3,553,947
Later than five years	**4,428,970**	5,217,556
	9,029,037	9,667,884

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

25. Related party transactions

(a) ***Sales and purchase of goods and services***

Other than the related party information disclosed elsewhere in the financial statements, there are no other significant transactions between the Group and related parties who are not members of the Group during the financial year.

(b) ***Compensation of key management personnel***

	Group	
	2014	**2013**
	$	$
Short-term employee benefits	**4,609,645**	3,895,053
Comprise amounts paid / payable to		
- Directors of the Company	**1,709,846**	1,698,938
- Other key management personnel	**2,899,799**	2,196,115
	4,609,645	3,895,053

26. Directors' and executives' remuneration

Directors' remuneration and fees amounted to $1,434,250 (2013: $1,526,229) and $275,596 (2013: $172,709) respectively.

The number of Directors of the Company with remuneration received from the Company and all of its subsidiaries fall within the following bands:-

	Company	
	2014	**2013**
$500,000 to $999,999	**1**	1
$250,000 to $499,999	**1**	1
Below $250,000	**6**	7
Total	**8**	9

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

27. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk and foreign currency risk. The Group does not speculate in the currency markets or hold or issue derivatives financial instruments. The Board reviews and agrees policies and procedures for the management of these risks. The AC provides independent oversight to the effectiveness of the risk management process.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks for financial year 2014.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to movements in market interest rates relates primarily to its short term deposits.

The Group's policy is to place excess funds with short-term tenure in order to maintain a high level of liquidity. The Group has minimal interest rate risk hence no sensitivity analysis is prepared.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain sufficient level of cash and short-term deposits to meet its working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

27. Financial risk management objectives and policies (cont'd)

Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	2014 One year or less $	2013 One year or less $
Financial assets:		
Trade and other receivables (excluding tax recoverable and downpayment for capital expenditure)	**6,326,771**	12,848,152
Cash and short-term deposits	**168,685,403**	205,871,055
Total undiscounted financial assets	**175,012,174**	218,719,207
Financial liabilities:		
Trade and other payables (excluding provision for warranty)	**8,288,266**	7,479,469
Total undiscounted financial liabilities	**8,288,266**	7,479,469
Total net undiscounted financial assets	**166,723,908**	211,239,738
Company		
Financial assets:		
Trade and other receivables	**111,000**	7,000
Amount due from subsidiaries	**6,011,065**	5,478,265
Cash and short-term deposits	**136,570,272**	156,810,290
Total undiscounted financial assets	**142,692,337**	162,295,555
Financial liabilities:		
Trade and other payables	**624,986**	1,372,274
Total undiscounted financial liabilities	**624,986**	1,372,274
Total net undiscounted financial assets	**142,067,351**	160,923,281

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

27. Financial risk management objectives and policies (cont'd)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2014		**2013**	
	$	**%**	$	%
By country				
Singapore	**2,842,501**	**48**	9,415,233	77
China	**1,673,266**	**29**	2,820,239	23
Middle East	**937,030**	**16**	39,530	–
Asia Pacific (excluding China and Singapore)	**352,094**	**6**	17,297	–
Others	**43,215**	**1**	–	–
	5,848,106	**100**	12,292,299	100

At the end of the reporting period, approximately:

- 74% (2013: 95%) of the Group's trade receivables were due from 4 (2013: 2) major customers who are located in Singapore and China.
- A nominal amount of approximately $94,812,200 (2013: $53,607,000) relating to a corporate guarantee provided by the Company to banks for its subsidiaries' banking facilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

27. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19 (Trade and other receivables).

Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than SGD. The foreign currencies in which these transactions are denominated are mainly US Dollars (USD) and Euro. Approximately 99% (2013: 99%) of the Group's sales are denominated in foreign currencies whilst about 64% (2013: 65%) of costs are denominated in foreign currencies. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group also holds cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances (mainly in USD and Euro) amount to approximately $65,557,000 (2013: $67,496,000) for the Group.

To minimise foreign exchange risks, the Group practises natural hedging as much as possible. The Group also monitors movement in foreign exchange closely so as to capitalise on favourable exchange rates to convert excess foreign currencies back to SGD where possible.

The Group does not apply hedge accounting for such foreign currency denominated sales and purchases.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

27. Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and Euro exchange rates against SGD, with all other variables held constant.

		Group	
		2014	**2013**
		$'000	$'000
		Net profit	**Net profit**
USD / SGD	– strengthened 3% (2013: 3%)	**+1,766**	+1,676
	– weakened 3% (2013: 3%)	**–1,766**	–1,676
Euro / SGD	– strengthened 3% (2013: 3%)	**+29**	+289
	– weakened 3% (2013: 3%)	**–29**	–289

28. Fair value of financial instruments

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the trade receivables, deposits, amount due from / (to) subsidiaries, and trade and other payables are reasonable approximation of fair values, due to their short-term nature.

B. Fair value of financial instruments that are carried at fair value

	Group and Company	
	2014	**2013**
	$	$
Non-current:		
Available-for-sale financial assets		
- Corporate bonds (quoted) - at fair value (Level 1)	**7,698,494**	2,117,444

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

28. Fair value of financial instruments (cont'd)

B. Fair value of financial instruments that are carried at fair value (cont'd)

Fair value hierarchy

The Group categories fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) and
- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Determination of fair value

Quoted equity instruments: Fair value is determined directly by reference to their published market bid price at balance sheet date.

C. Fair value of financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group and Company	
	2014	**2013**
	$	$
Non-current:		
Available-for-sale financial assets		
- Equity securities (unquoted)	**589,355**	339,012

These equity instruments are not quoted on any market and do not have any comparable industry peer that is listed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014

29. Capital management

The capital includes cash which is disclosed in Note 21.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating, healthy cash flows and loans and borrowings at an acceptable level in order to support its business and maximise shareholder value.

The Group is not subject to any externally imposed capital requirements.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2014 and 31 December 2013.

30. Dividend

	Group and Company	
	2014	2013
	$	$
Declared and paid during the financial year:		
Dividend on ordinary shares:		
- First and final tax exempt (one-tier) dividend for 2013: 1.0 cent (2012: 1.5 cents) per share	**9,049,224**	13,080,973
- Special tax exempt (one-tier) dividend for 2013: 4.0 cents (2012: 8.5 cents)	**36,196,898**	74,125,513
	45,246,122	87,206,486
Proposed but not recognised as a liability as at 31 December:		
Dividend on ordinary shares, subject to shareholders' approval at the AGM:		
- First and final tax exempt (one-tier) dividend for 2014: 1.0 cent (2013: 1.0 cent) per share	**9,230,704**	8,721,408
- Special tax exempt (one-tier) dividend for 2014: Nil (2013: 4.0 cents) per share	**–**	34,885,634
	9,230,704	43,607,042

31. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 6 March 2015.

ANALYSIS OF SHAREHOLDINGS

As at 10 March 2015

Number of Shares issued	:	927,842,344
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share

There are no treasury shares held in the issued share capital of the Company.

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	324	4.51	3,112	0.00
100 - 1,000	369	5.13	339,848	0.04
1,001 - 10,000	2,014	28.01	15,369,286	1.66
10,001 - 1,000,000	4,445	61.81	284,138,326	30.62
1,000,001 and above	39	0.54	627,991,772	67.68
Total	**7,191**	**100.00**	**927,842,344**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Benety Chang	388,637,348	41.89
2.	Heng Chin Ngor Doris	68,399,183	7.37
3.	Tan Yang Guan	20,642,770	2.22
4.	OCBC Securities Private Limited	20,343,040	2.19
5.	Aurol Anthony Sabastian	15,635,673	1.69
6.	DBS Nominees (Private) Limited	12,633,938	1.36
7.	Citibank Nominees Singapore Pte Ltd	12,290,200	1.32
8.	Chiam Toon Chew	7,248,400	0.78
9.	Raffles Nominees (Pte) Limited	6,767,000	0.73
10.	United Overseas Bank Nominees (Private) Limited	6,379,223	0.69
11.	UOB Kay Hian Private Limited	6,362,000	0.69
12.	DBS Vickers Securities (Singapore) Pte Ltd	6,227,000	0.67
13.	Pua Beng Soon	5,500,000	0.59
14.	OCBC Nominees Singapore Private Limited	4,854,209	0.52
15.	Phillip Securities Pte Ltd	4,717,773	0.51
16.	Ng Chai Hock	3,884,000	0.42
17.	Citibank Consumer Nominees Pte Ltd	2,655,000	0.29
18.	Lee Yan Teck	2,591,100	0.28
19.	Sng Boon Chow	2,500,000	0.27
20.	Booi Pang Hin	2,328,000	0.25
	Total	**600,595,857**	**64.73**

ANALYSIS OF SHAREHOLDINGS

As at 10 March 2015

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

Based on the information available to the Company, as at 10 March 2015, approximately 46.59% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Dr Benety Chang [1]	388,637,348	41.89	68,399,183	7.37
Dr Doris Heng Chin Ngor [2]	68,399,183	7.37	388,637,348	41.89

Notes:

(1) Dr Benety Chang's deemed interests include 68,399,183 shares held by his wife, Dr Doris Heng Chin Ngor.

(2) Dr Doris Heng Chin Ngor's deemed interests include 388,637,348 shares held by her husband, Dr Benety Chang.

ANALYSIS OF WARRANTHOLDINGS (W150605)

As at 10 March 2015

Warrants Issued on	:	6 June 2012
Expiry Date of Warrants	:	5 June 2015
Exercise Price	:	S$0.145

DISTRIBUTION OF WARRANTHOLDINGS

Size of warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 - 99	0	0.00	0	0.00
100 - 1,000	38	7.66	30,800	0.04
1,001 - 10,000	203	40.93	1,187,570	1.33
10,001 - 1,000,000	249	50.20	14,466,540	16.25
1,000,001 and above	6	1.21	73,320,412	82.38
Total	**496**	**100.00**	**89,005,322**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

No.	Name	No. of Warrants	%
1.	Benety Chang	39,085,539	43.91
2.	Heng Chin Ngor Doris	27,359,673	30.74
3.	UOB Kay Hian Private Limited	2,775,200	3.12
4.	Lee Puay Keng	1,822,000	2.05
5.	Chiam Toon Chew	1,170,000	1.31
6.	DBS Nominees (Private) Limited	1,108,000	1.24
7.	Citibank Nominees Singapore Pte Ltd	859,000	0.97
8.	Jin Weihua	638,800	0.72
9.	OCBC Securities Private Limited	560,000	0.63
10.	Low Chen Peng	419,000	0.47
11.	Citibank Consumer Nominees Pte Ltd	400,000	0.45
12.	Tay Thiam Song	347,000	0.39
13.	Maybank Kim Eng Securities Pte. Ltd.	303,040	0.34
14.	Thong Kar Kian	292,000	0.33
15.	Estate of Yeap Lam Wah, Deceased	255,900	0.29
16.	Chua Cher Yak	250,000	0.28
17.	Lee Thai Luen	222,000	0.25
18.	Booi Pang Hin	203,000	0.23
19.	Aw Say Wee (Hu Shiwei)	200,000	0.22
20.	Low Chor Hwee	200,000	0.22
	Total	**78,470,152**	**88.16**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Baker Technology Limited (the "Company") will be held at Nautica II, Level 2, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on Thursday, 23 April 2015 at 10.00 a.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final tax exempt (one-tier) dividend of 1 cent per ordinary share for the year ended 31 December 2014. **(Resolution 2)**

3. To approve the payment of Directors' fees of S$262,763 for the year ending 31 December 2015 to be paid quarterly in arrears. (FY2014: S$275,596) **(Resolution 3)**

4. To re-elect the following Directors, who are retiring by rotation pursuant to Article 104 of the Articles of Association of the Company:

   (i) Dr Benety Chang **(Resolution 4)**
   (ii) Mr Tan Yang Guan **(Resolution 5)**

5. To re-appoint Mr Lim Ho Seng, a Director retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 6)**

6. To re-appoint Messrs Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

7. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

8. Authority to issue Shares

   That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), authority be and is hereby given to the Directors of the Company to:

   a. i. issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or

   ii. make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

NOTICE OF ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

b. (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 8)**

By Order of the Board

Nga Ko Nie
Company Secretary

Singapore, 6 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

i. Ordinary Resolution 4 is to re-elect Dr Benety Chang, who will upon re-election, remain as Chief Executive Officer of the Company and a member of the Nominating Committee, and will be considered non-independent.

ii. Ordinary Resolution 5 is to re-elect Mr Tan Yang Guan, who will upon re-election, remain as Non-Executive Director and will be considered non-independent.

iii. Ordinary Resolution 6 is to re-appoint Mr Lim Ho Seng, who will upon re-appointment, remain as the Chairman of the Board of Directors and a member of the Remuneration Committee. Mr Lim will be considered non-independent.

iv. Ordinary Resolution 8 is to empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares, and to issue shares pursuant to such instruments, up to a number not exceeding in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

2. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Jalan Samulun, Singapore 629124 not less than 48 hours before the time appointed for holding the Annual General Meeting.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 18 May 2015 for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company ("Shares") received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623 up to 5.00 p.m. on 15 May 2015 will be registered to determine shareholders' entitlement to the proposed First and Final Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. on 15 May 2015 will be entitled to the proposed First and Final Dividend.

The proposed First and Final Dividend, if approved by the shareholders at the Annual General Meeting, will be paid on 27 May 2015.

This page has been intentionally left blank

This page has been intentionally left blank

This page has been intentionally left blank

BAKER TECHNOLOGY LIMITED
Unique Entity Number: 198100637D
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please read notes overleaf before completing this Form)

IMPORTANT:
1. For investors who have used their CPF monies to buy Baker Technology Limited's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ____ NRIC/ Passport No./Company Registration No.

____________________ of ____ (Address)

being a member/members of BAKER TECHNOLOGY LIMITED (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

and/or failing him/her, the Chairman of the Annual General Meeting (the "Meeting") as my/our proxy/proxies to vote for me/us on my/our behalf at the Meeting of the Company to be held at Nautica II, Level 2, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on Thursday, 23 April 2015 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/their discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a [√] within the box provided.)

No.	Resolutions relating to:	For	Against
	ORDINARY BUSINESS		
1.	Adoption of Directors' Report and Audited Financial Statements for the year ended 31 December 2014		
2.	Declaration of a First and Final Dividend		
3.	Approval of Directors' fees of S$262,763 for the year ending 31 December 2015		
4.	Re-election of Dr Benety Chang as a Director		
5.	Re-election of Mr Tan Yang Guan as a Director		
6.	Re-appointment of Mr Lim Ho Seng as a Director		
7.	Re-appointment of Messrs Ernst & Young LLP as Auditor		
	SPECIAL BUSINESS		
8.	Authority to issue shares		

Signed this _______ day of _____________ 2015

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Member(s)/
Common Seal of Corporate Shareholder

Notes: See overleaf

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 10 Jalan Samulun, Singapore 629124 not less than 48 hours before the time set for the Meeting.

4. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and any second named proxy shall be deemed to be an alternate to the first named.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of an officer or attorney duly authorised.

6. Where an instrument appointing a proxy is signed by an attorney on behalf of the appointor, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

8. The Company shall be entitled to reject the instrument of proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

a coal production
www.coal.com.sg

BAKER
Technology
limited

Unique Entity Number:
198100637D

10 Jalan Samulun
Singapore 629124
Tel: (65) 6262 1380
Fax: (65) 6262 2108
Email: enquiry@bakertech.com.sg
www.bakertech.com.sg